

Pohjola Group



Interim Report Q1/2011

Pohjola Group

Interim Report Q1/11



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Pohjola Group Q1/11

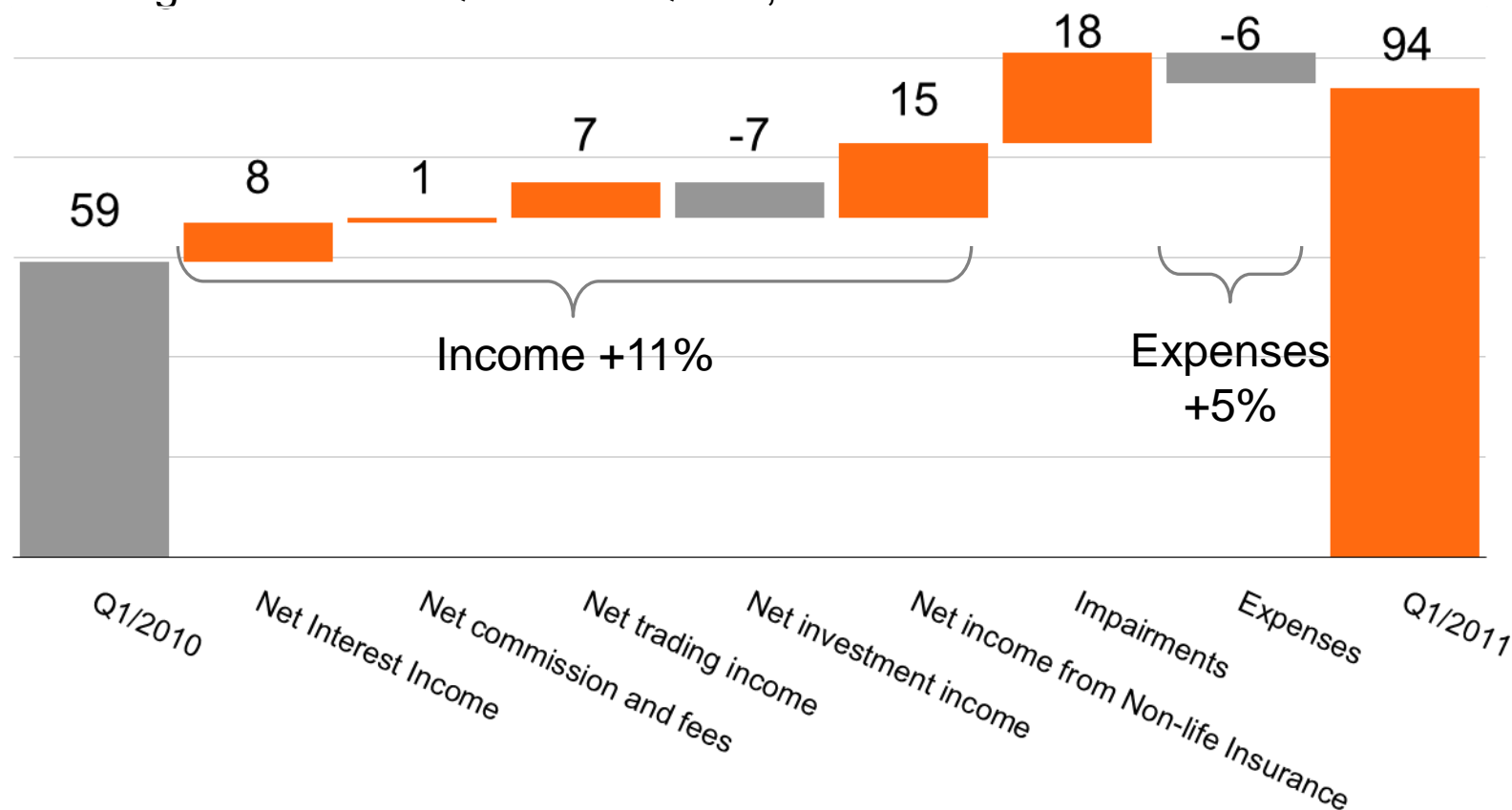
Key information

- Consolidated earnings before tax improved markedly.
- All Banking divisions improved their financial performance.
- Corporate Banking reported lower impairment charges and increased net interest income due to the larger loan portfolio. Tougher competition decreased the average corporate loan margin.
- Strong growth in insurance premium revenue.
- Operating combined ratio deteriorated due to higher claims incurred especially among Corporate customers. Outlook for 2011 operating combined ratio unchanged (89-94%).
- Asset Management earnings and assets under management almost unchanged.

Pohjola Group Q1/11

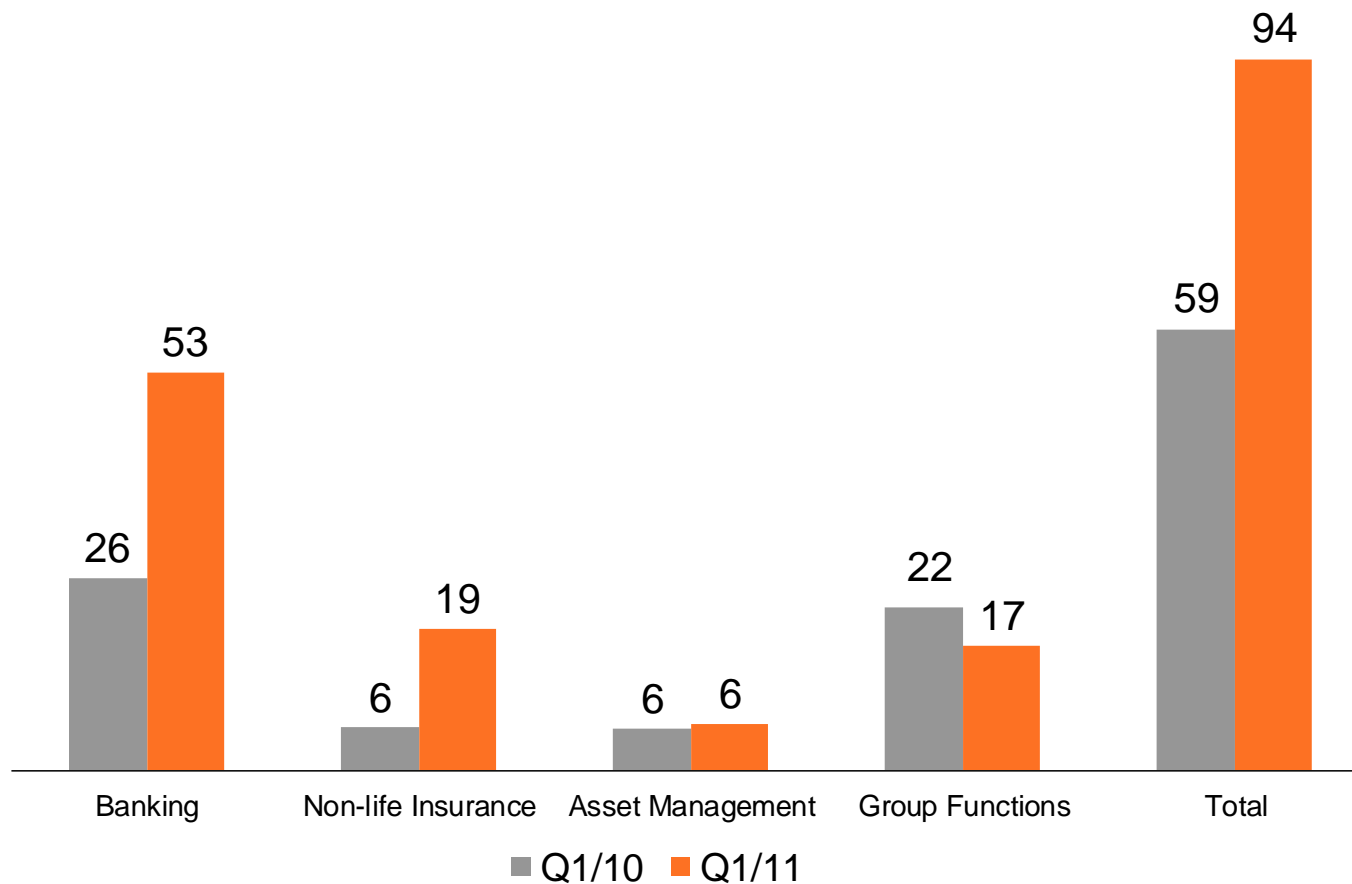
Earnings before tax up 61%

Earnings before tax Q1/11 vs. Q1/10, € mn



Pohjola Group Q1/11

Earnings before tax, € mn

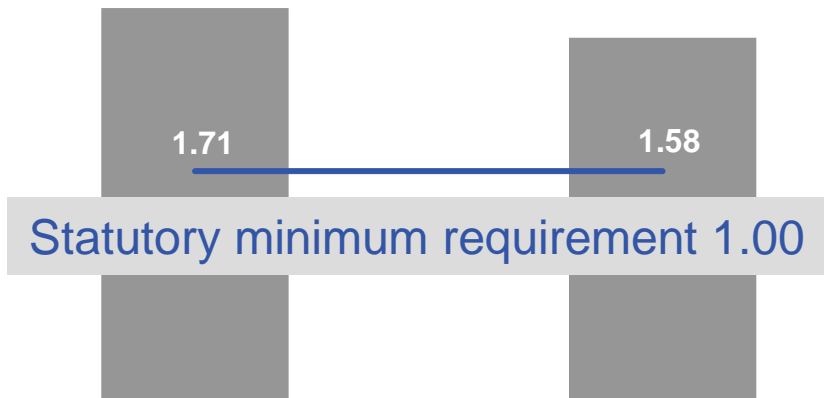


Financial Targets over the Economic Cycle

	Target	Q1/2011	2010
Group			
Return on equity at fair value, %	13	10.0	9.3
Tier 1 ratio, %	> 9.5	12.2	12.5
Banking			
Operating cost/income ratio, %	< 40	34	35
Non-life Insurance			
Operating combined ratio, %	92	100.5	89.7
Operating expense ratio, %	< 20	21.9	21.3
Solvency ratio, %	70	84	86
Asset Management			
Operating cost/income ratio, %	< 50	50	53

Redemption of a Tier 2 debenture loan (€150 mn) reduced the total capital base

Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates



Q1/11

Q1/11

■ Capital Adequacy under the Act on the Financial Conglomerates

- Statutory minimum requirement

—Core Tier 1, % = the ratio of core equity capital, excluding hybrid capital, to total risk-weighted assets.

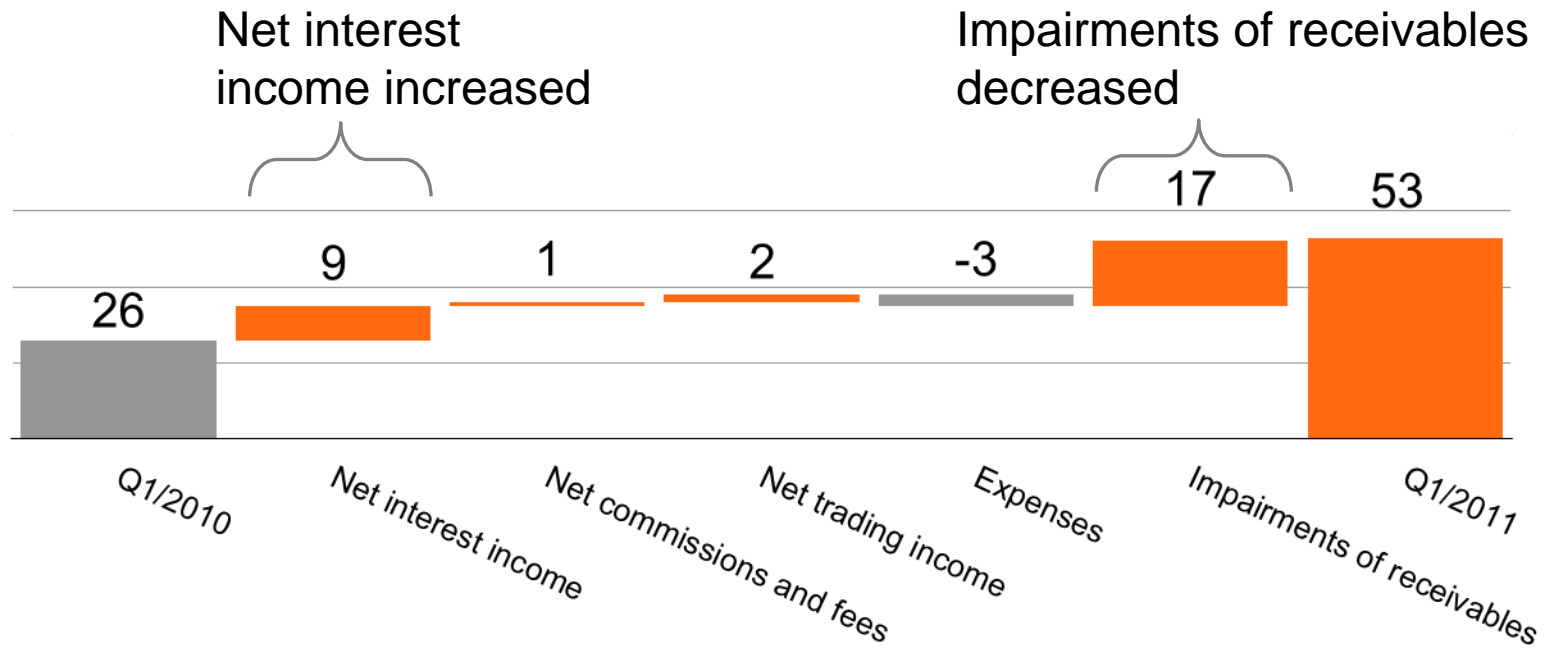
Banking

Interim Report Q1/11



Banking Q1/11

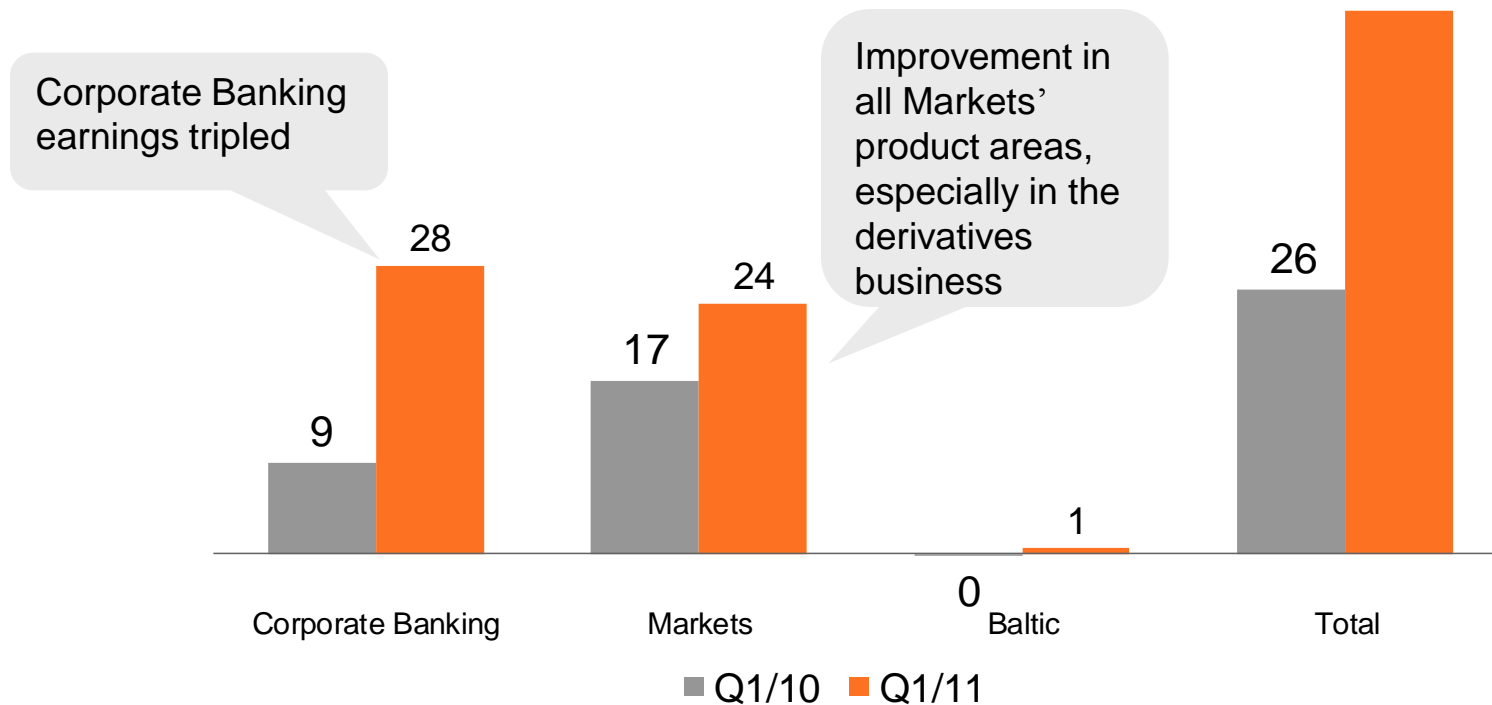
Earnings before tax Q1/11 vs. Q1/10, € mn



Banking Q1/11

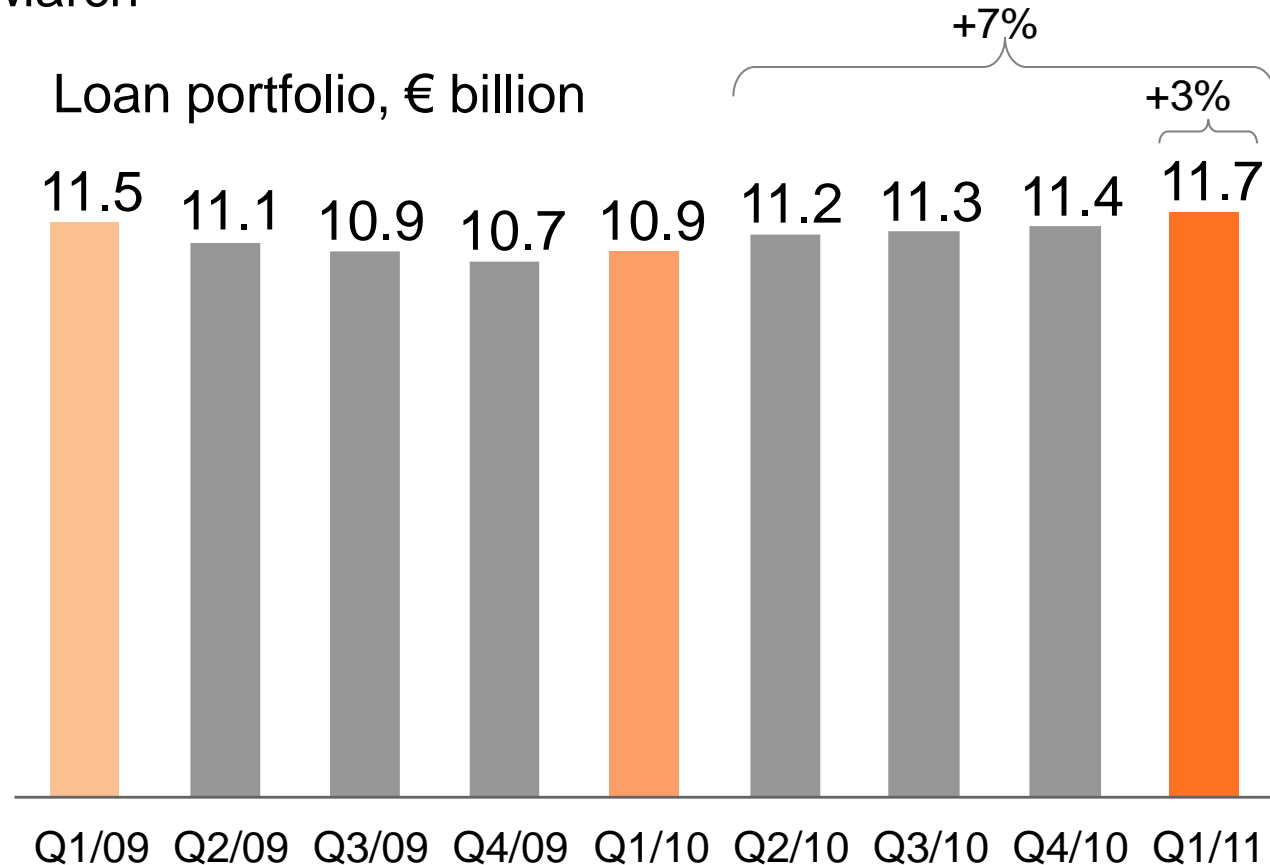
- All divisions improved their financial performance
- Cost/income ratio markedly below the strategic target

Earnings before tax by division, € mn



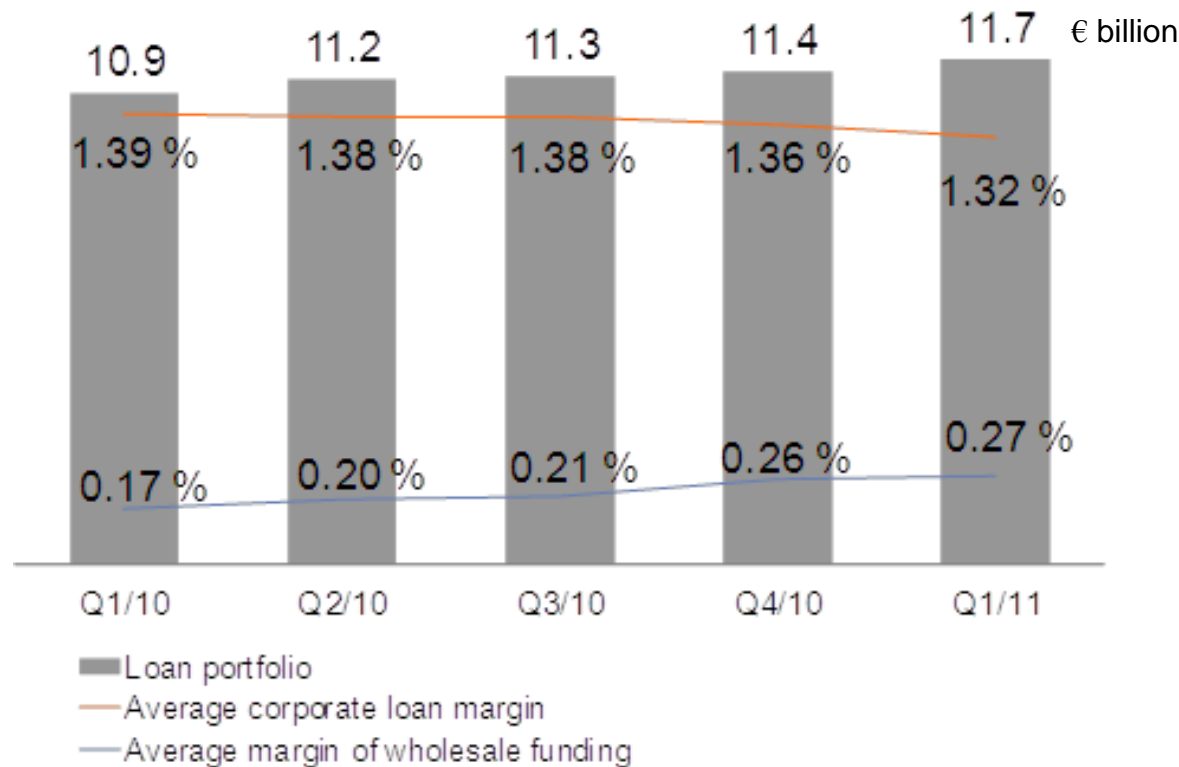
Banking Q1/11

The loan portfolio increased by 3% from its 2010-end level and by 7% in the year to March



Banking Q1/11

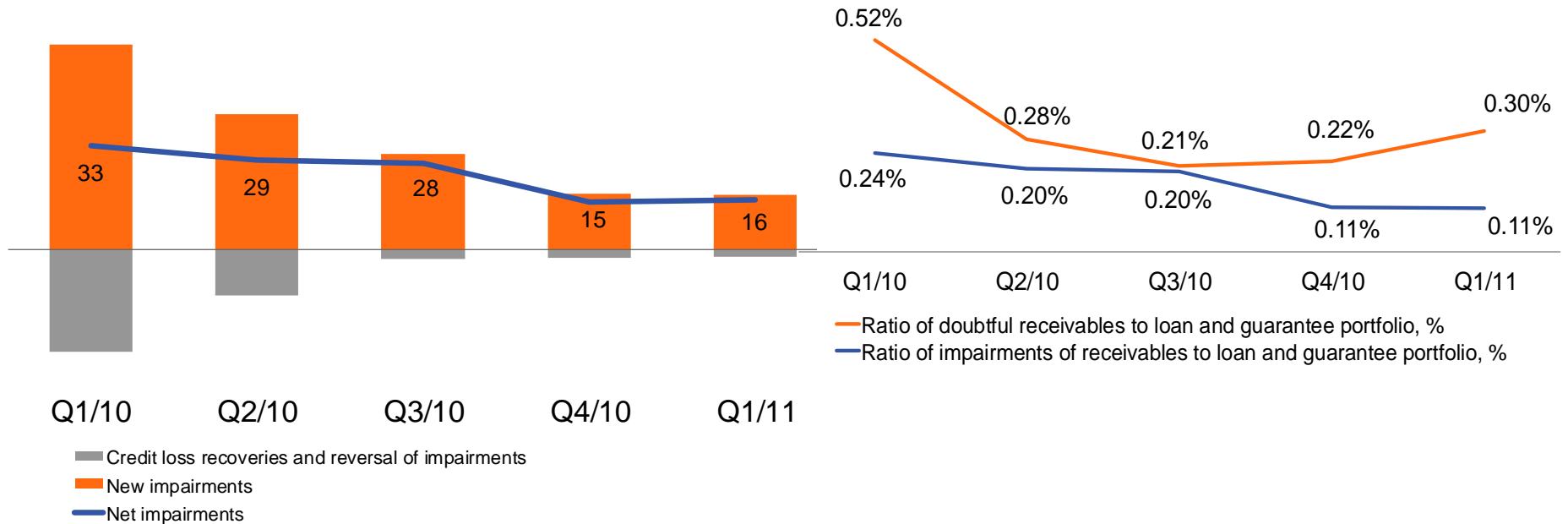
- Net interest income and loan portfolio from Corporate Banking increased
- Tougher competition made the average corporate loan margin go down



Banking Q1/11

Impairment charges, €16 mn (33)

Impairment charges 0.11% (0.24) and doubtful receivables 0.30% (0.52) of the loan and guarantee portfolio



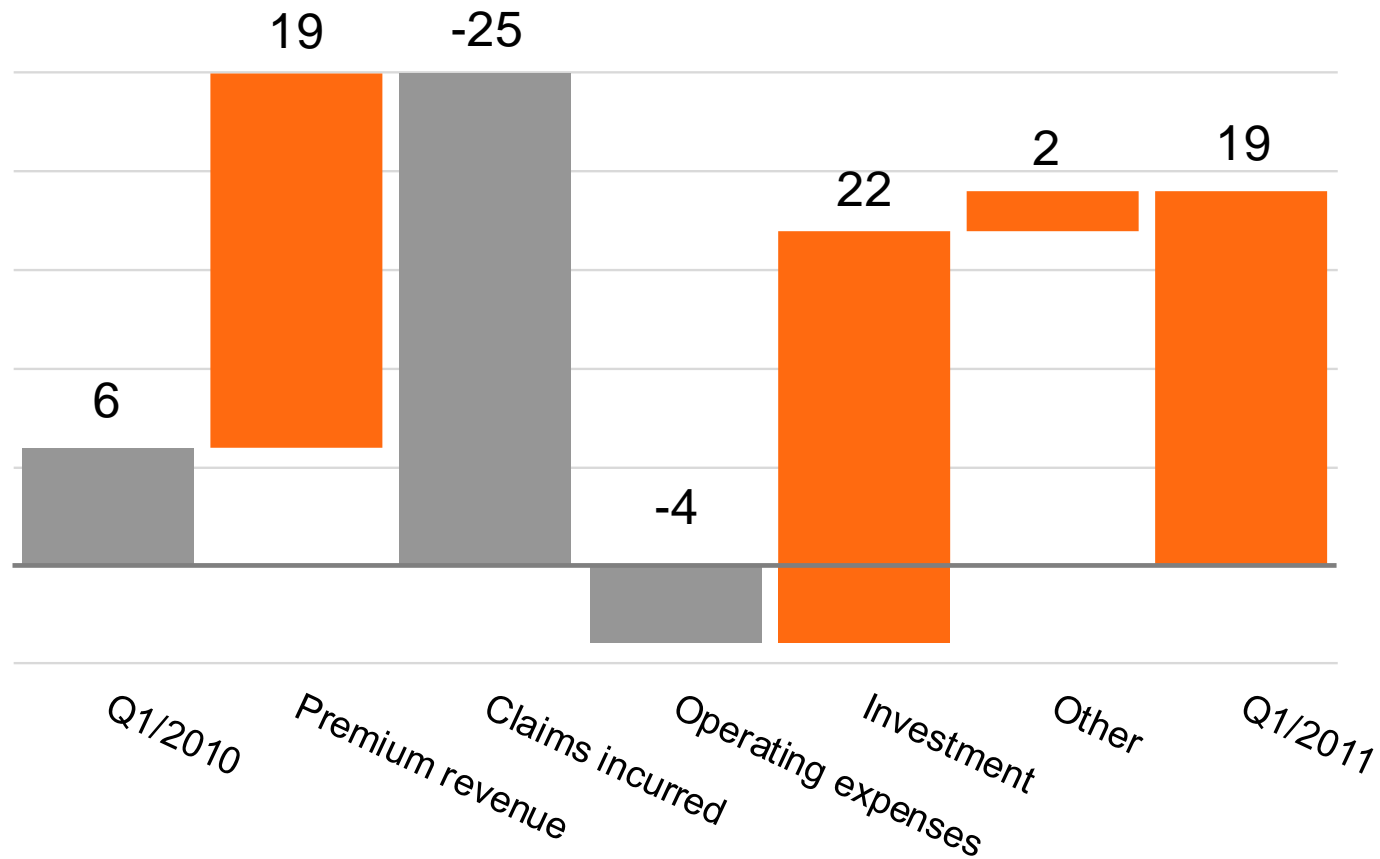
Non-life Insurance

Interim Report Q1/11



Non-life Insurance Q1/11

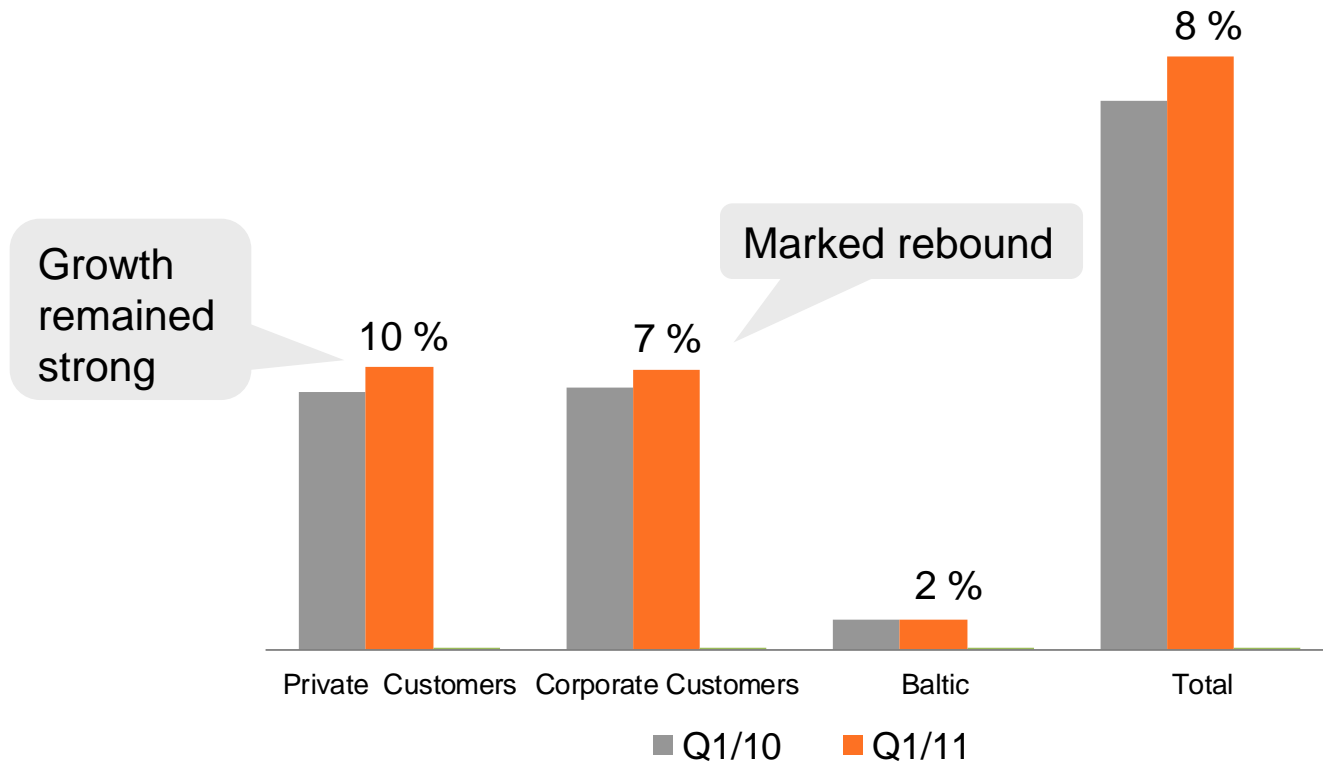
Earnings before tax Q1/11 vs. Q1/10, € mn



Non-life Insurance Q1/11

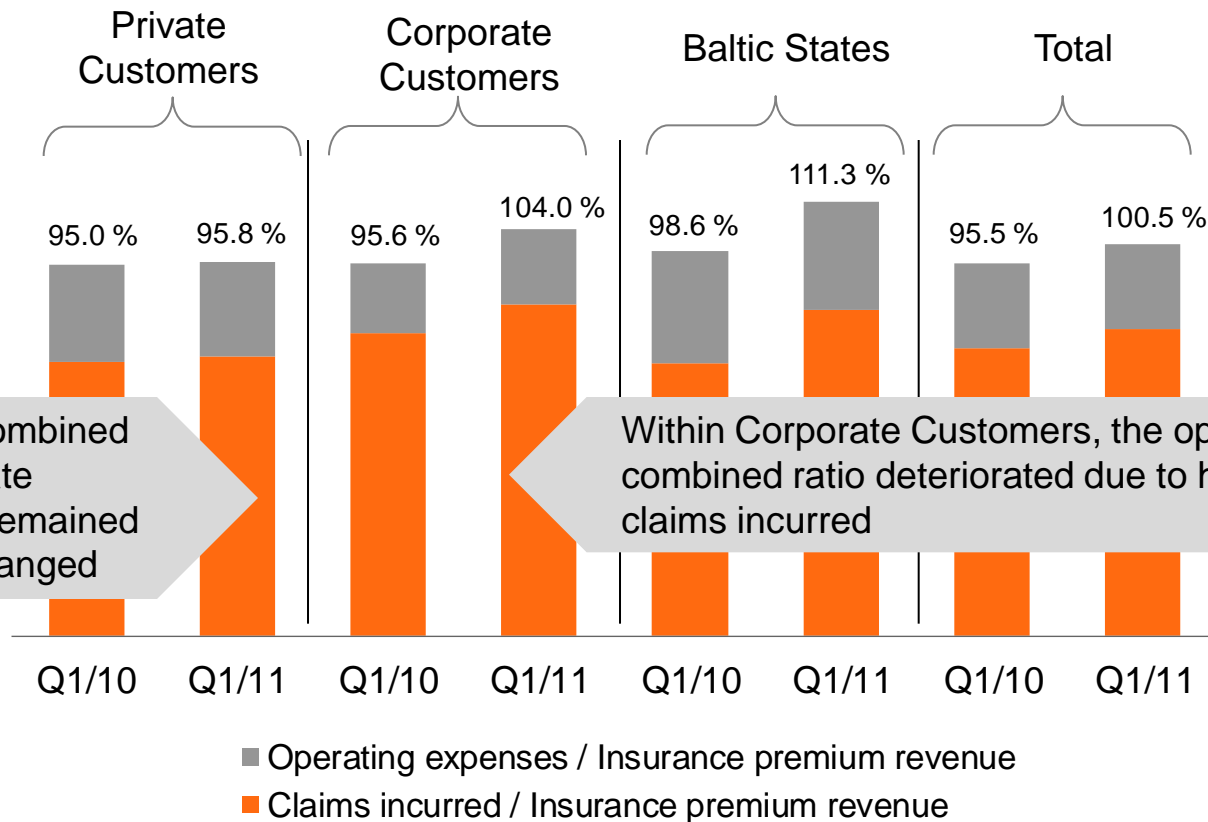
Insurance premium revenue grew at a higher rate

Insurance premium revenue totalled €246 million (227)



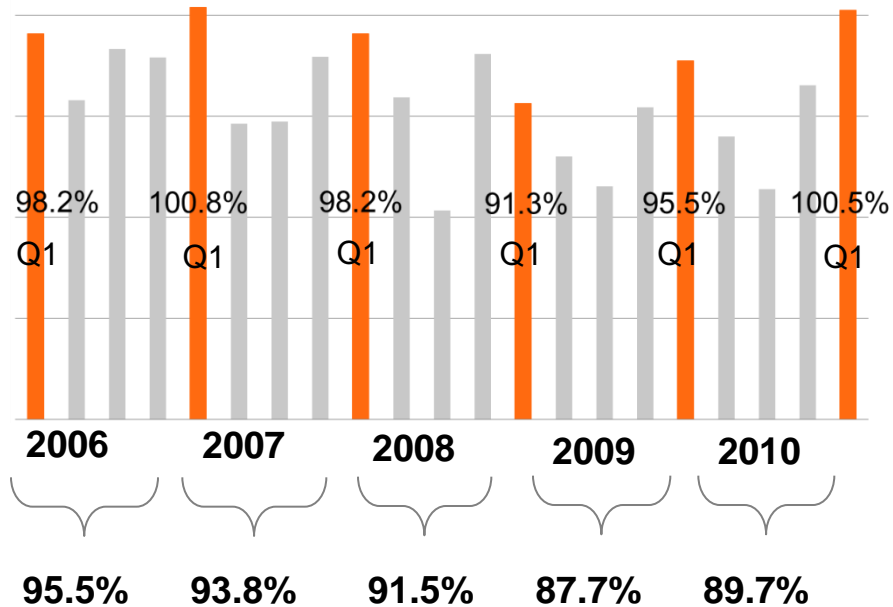
Non-life Insurance Q1/11

Operating combined ratio



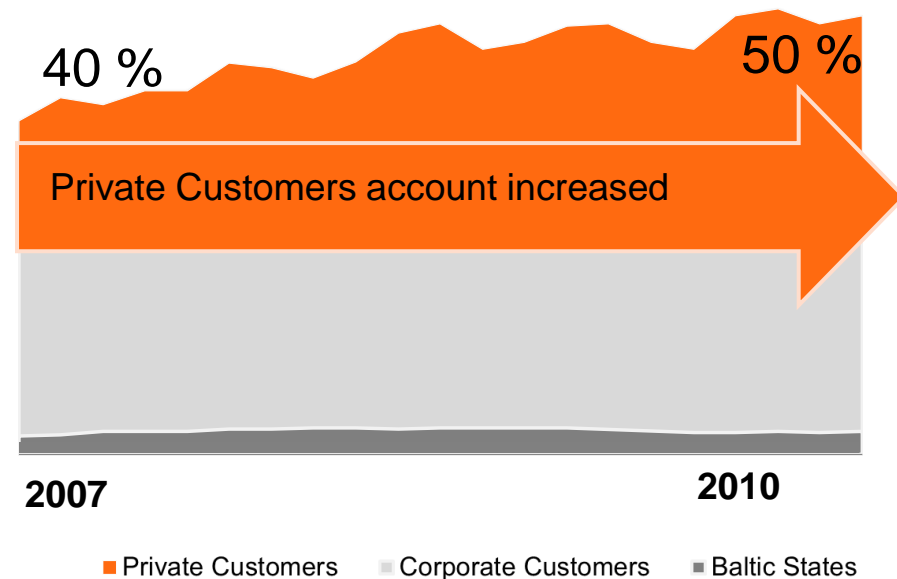
Non-life Insurance Q1/2011

Operating combined ratio by quarter



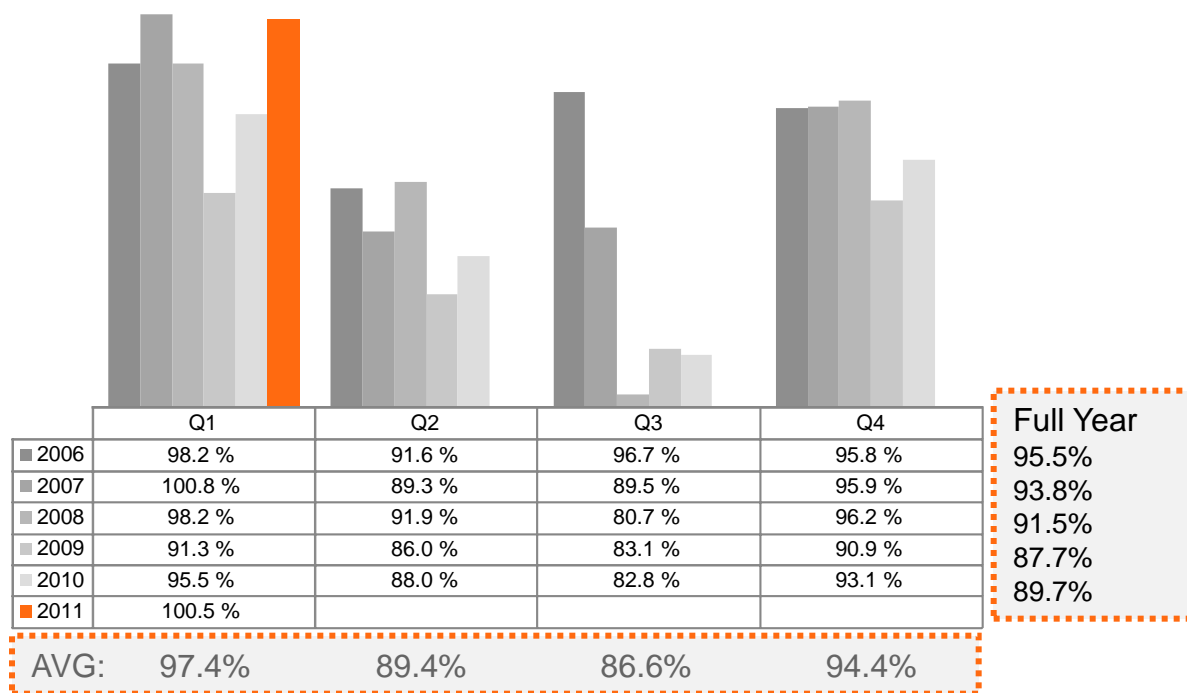
Annualised

Insurance premium revenue



Non-life Insurance Q1/11

Operating combined ratio by quarter, %



Q1 the poorest quarter of the year

Majority of underwriting profit made in Q2–Q3

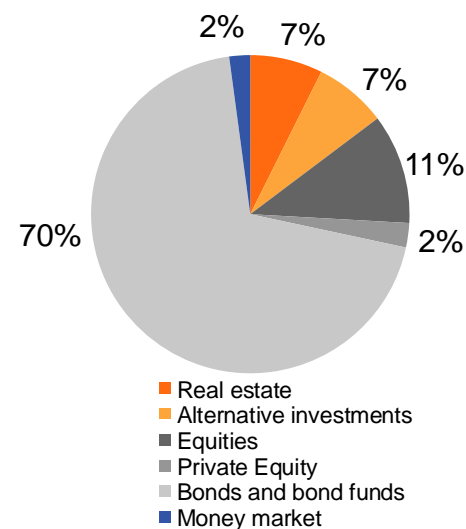
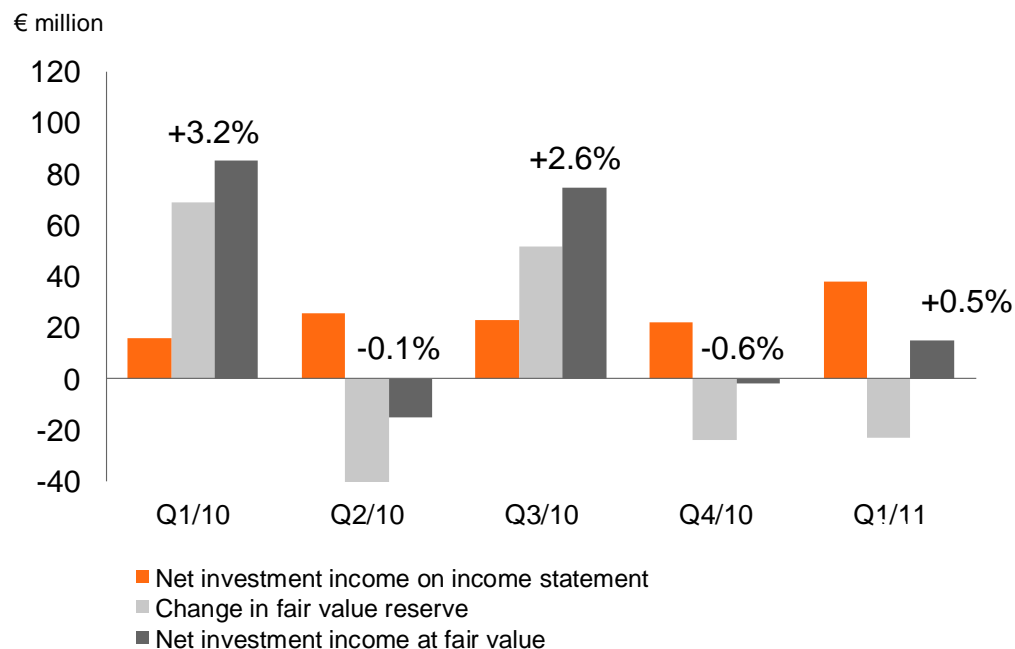
Q3 the best quarter of the year

Non-life Insurance Q1/11

Investment portfolio €3.0 billion (2.9)

Investment income at fair value 0.5%

Investment allocation



Asset Management

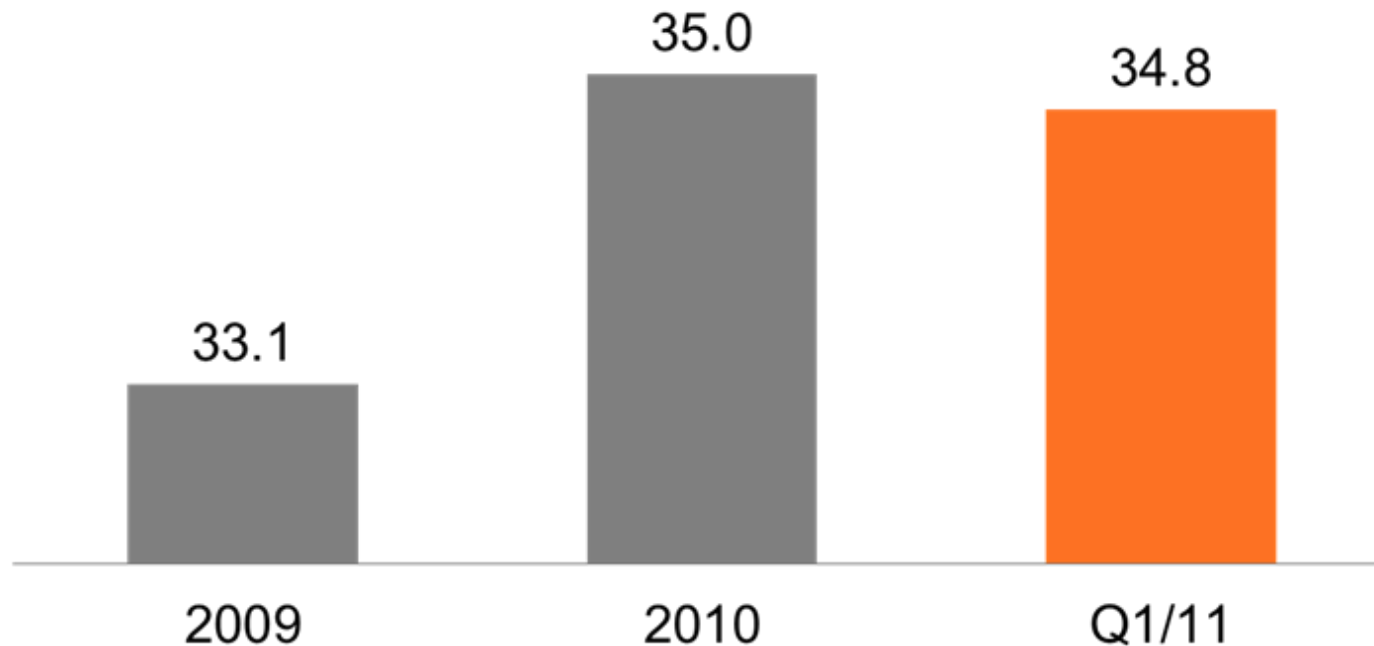
Interim Report Q1/11



Asset Management Q1/11

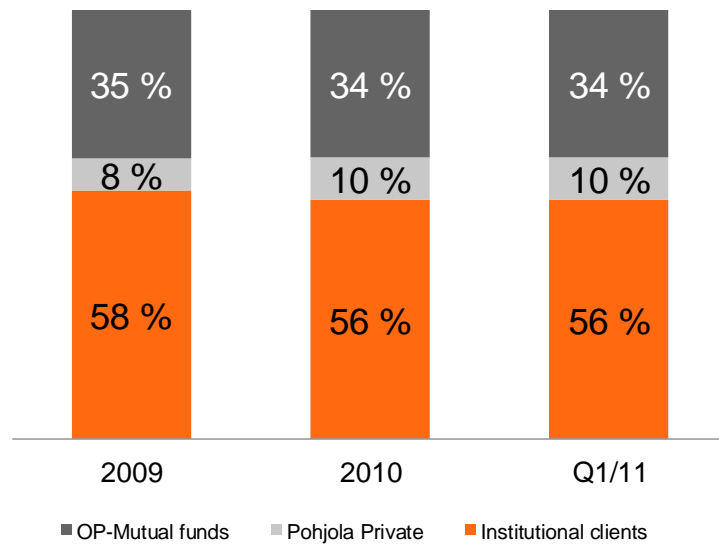
- Earnings before tax improved by 11% to €6.2 million (5.6)
- Cost/income ratio improved to 50%

Assets under management, € bn

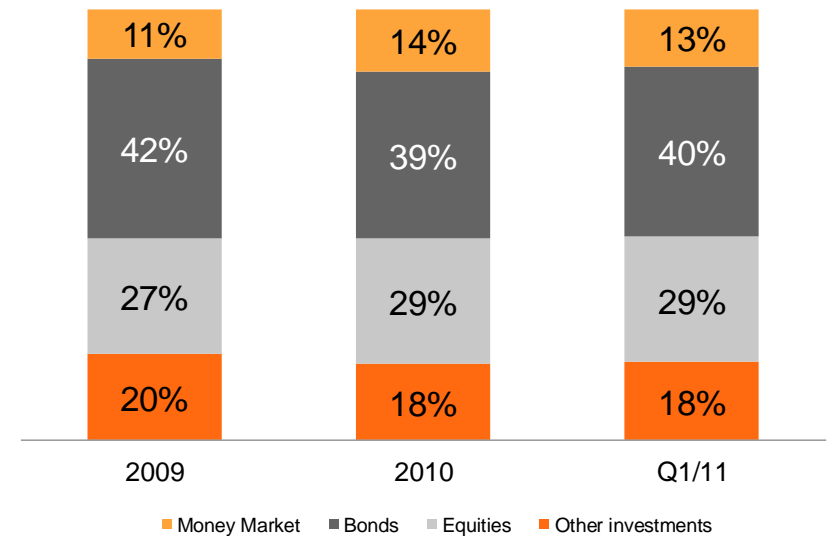


Asset Management Q1/11

Assets under management by client group



Assets under management by asset class



Group Functions

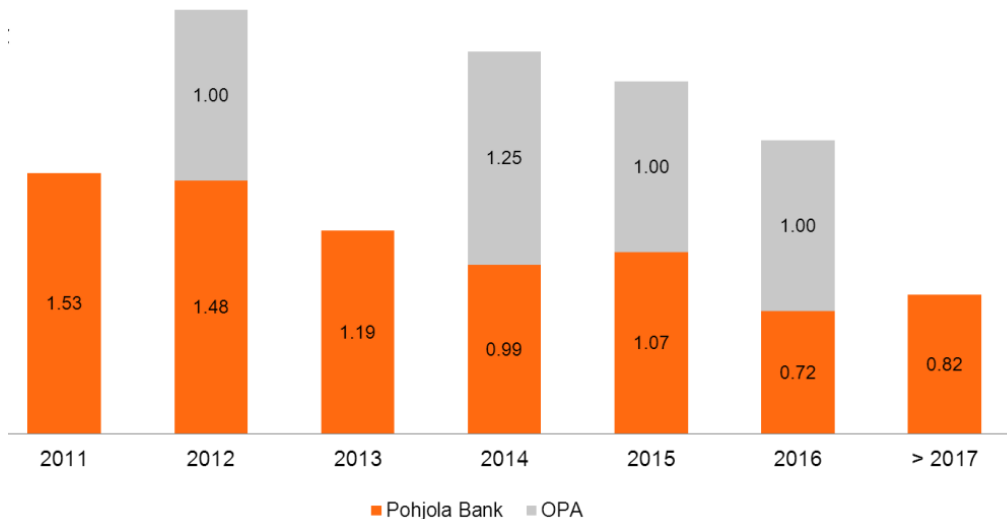
Interim Report Q1/11



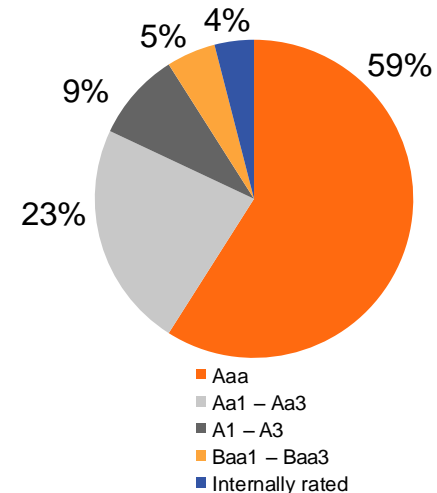
Group Functions Q1/11

- Earnings before tax came to €17 million (22)
- Capital gains on notes and bonds were down
- Senior bond issue worth €500 million in January with a maturity of 5 years, m/s + 0.80%

Maturing long-term funding, € bn



Liquidity portfolio of €9.5 billion by credit rating



Outlook for 2011

- Consolidated earnings before tax in 2011 are expected to be higher than in 2010.
- Enabled by the economic recovery, the operating environment is expected to improve in the corporate sector and impairment charges to decrease.
- In Non-life Insurance, the operating combined ratio is estimated to vary between 89% and 94% if the number of major losses is not much larger than in 2010.
- Capital gains on notes and bonds are expected to decrease.
- The full version of “Outlook” can be found in the Interim report.

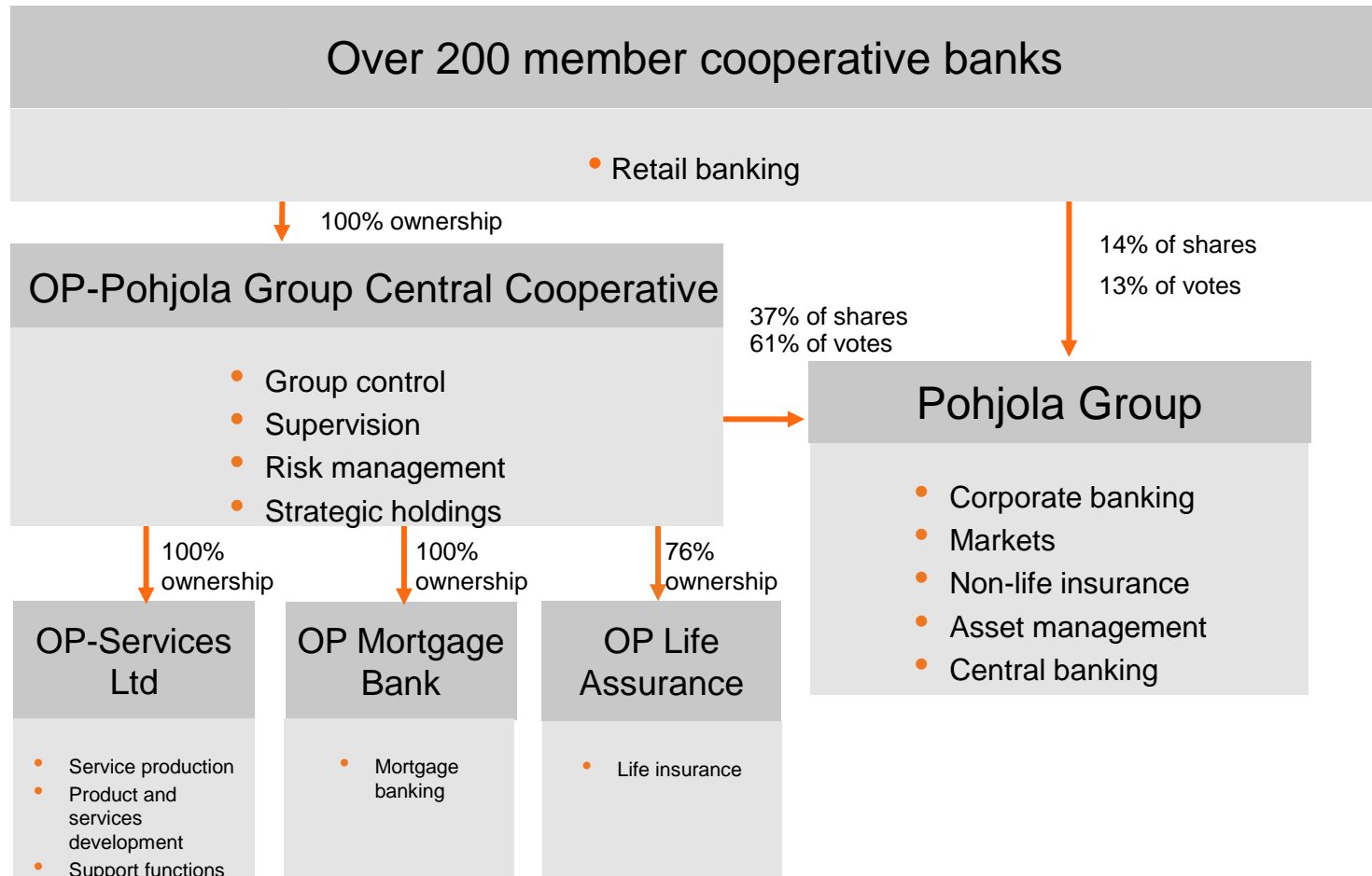
Background Material

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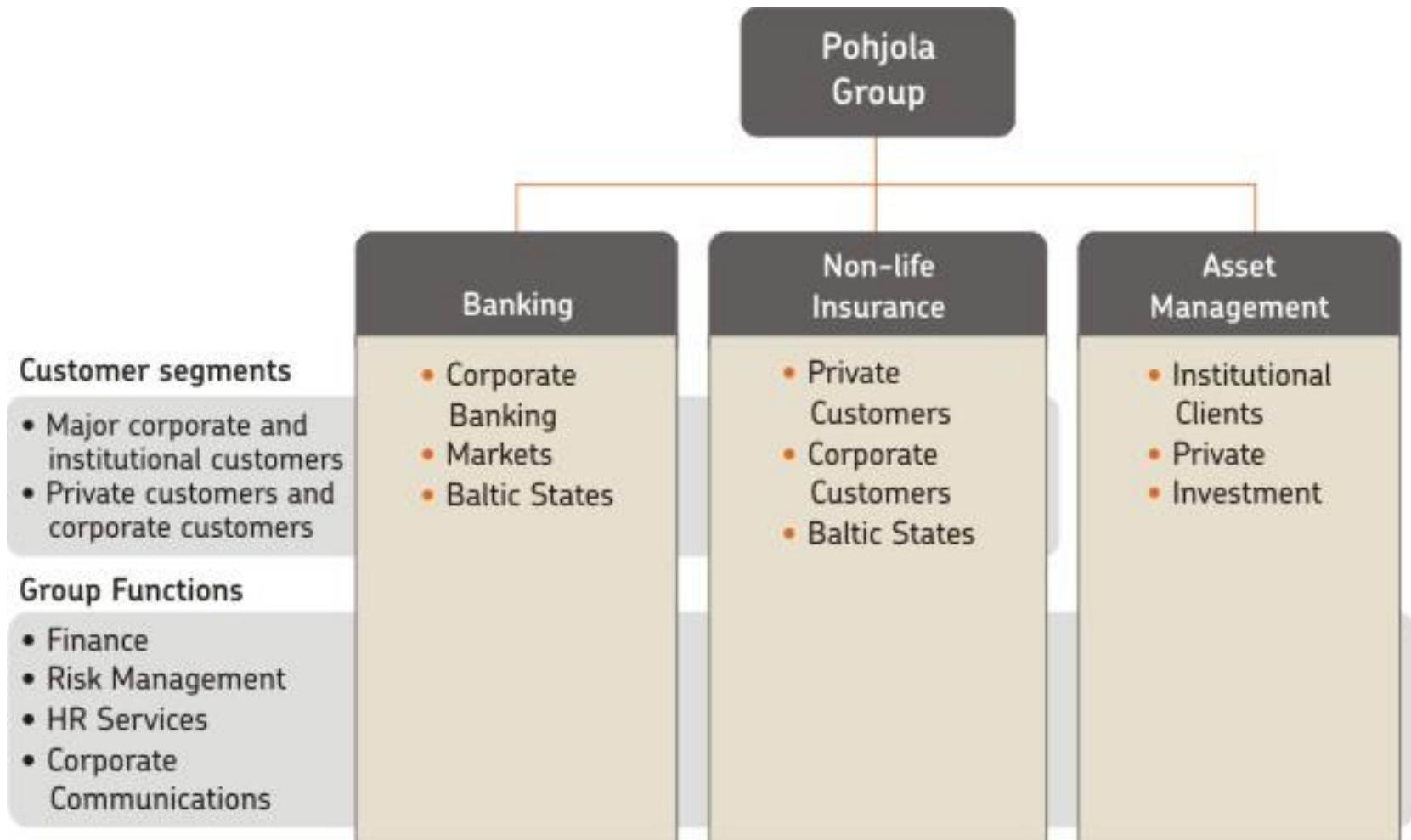


OP-Pohjola Group structure, ownership base and division of responsibilities

The Central Cooperative and the member banks are liable for each other's debts and commitments. OP-Pohjola Group is monitored on a consolidated basis by FSA.

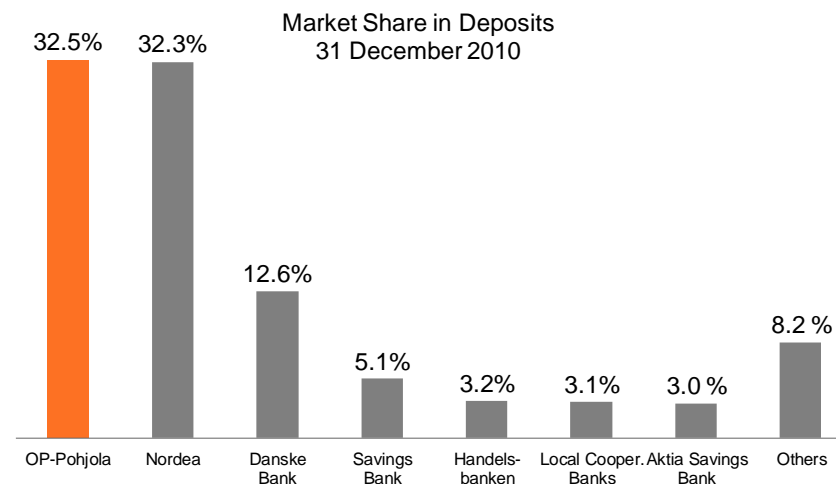
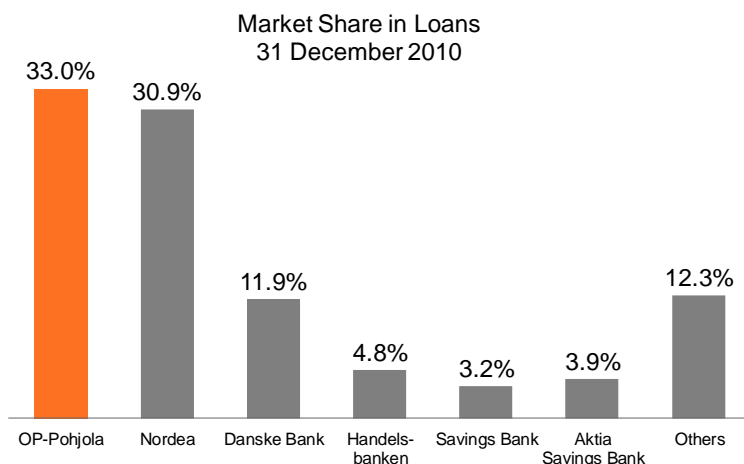


Business Structure

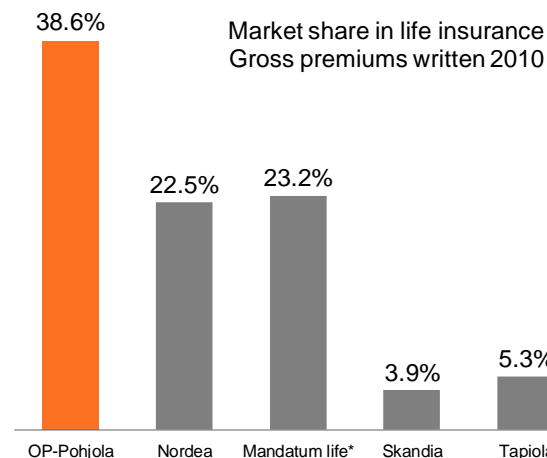
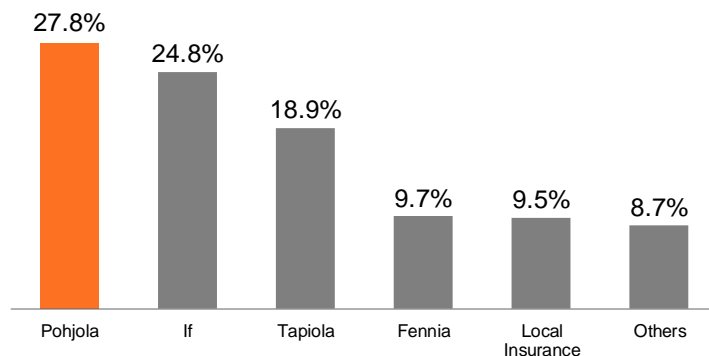


OP-Pohjola-Group market position

Leading market position in Finland

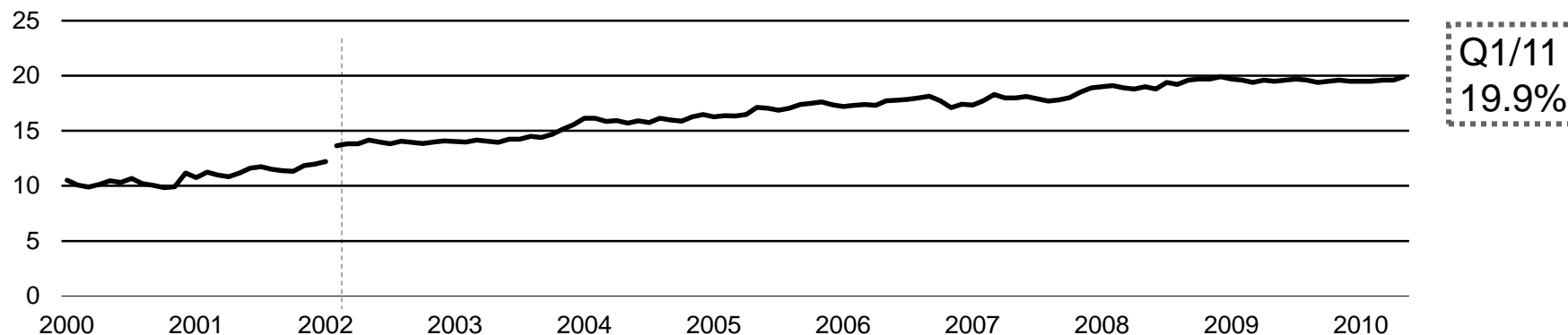


Market share in non-life insurance premiums written 2010
Domestic direct insurance

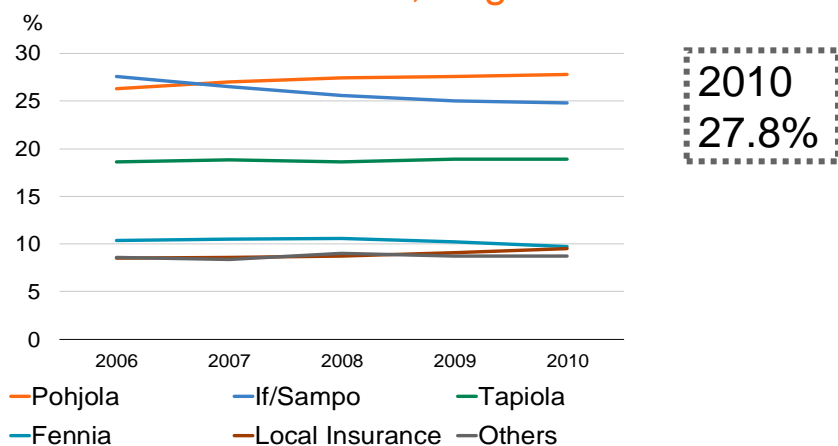


Market Position and Targets

Banking 2nd, target 1st.

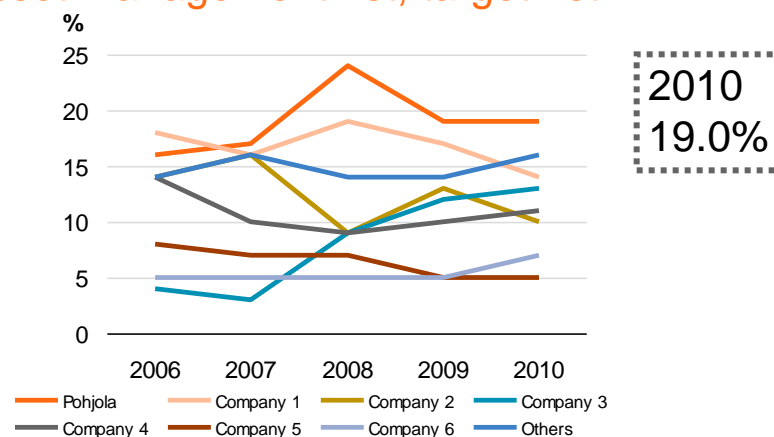


Non-life Insurance 1st, target 1st.



Source: Federation of Finnish Insurance Companies, SFR.

Asset Management 1st, target 1st.



Based on interviews and answers by institutional investors with disclosed investment size

Joint liability

- Joint liability within OP-Pohjola Group is based on the Act of Amalgamations of Deposit Banks (the Amalgamations Act).
- OP-Pohjola Group Central Cooperative and its member credit institutions are liable for each other's debts and commitments in accordance with the Act.
 - The Central Cooperative is responsible for the payments of any debts of a Member Credit Institution that cannot be paid using such Member Credit Institution's own funds.
 - A Member Credit Institution must pay to the Central Cooperative a proportionate share of the amount which the Central Cooperative has paid either to another Member Credit Institution as part of the support action described above, or to a creditor of such Member Credit Institution as payment of a due debt for which the creditor has not received payment from his debtor.
 - Each Member Credit Institution's liability, for the amount which the Central Cooperative has paid on behalf of one Member Credit Institution to its creditors, is divided between the Member Credit Institutions in proportion to their last confirmed balance sheet totals.
- OP-Pohjola Group's insurance companies do not fall within the scope of joint liability.

Credit rating

Rating target: AA rating issued by at least two credit rating agencies

	Moody's	S & P	Fitch
Pohjola Bank	Aa2*	AA-	AA-*
Handelsbanken	Aa2	AA-	AA-
Nordea	Aa2	AA-	AA-
DnB NOR	Aa3	A+	A+
Danske Bank	A1***	A*	A+
SEB	A1	A	A+
Swedbank	A2***	A	A
OP-Mortgage Bank**	Aaa	AAA	-
Pohjola Insurance Ltd	A2*	A+	-
If	A2	A	-
Finnish government	Aaa	AAA	AAA

*) The credit rating outlook is negative

**) Covered bond rating

***) Outlook: under review

Strategy and competitive advantages

Value through integration



Strategic Initiatives

1. Upgrading business for corporate and institutional customers

2. Intensifying integration between Banking and Non-life Insurance

3. Improving international service capabilities

4. Enhancing the Group's intellectual capital

Implementation of strategic initiatives

Banking and Non-life Insurance

Upgrading business
for corporate and
institutional customers

- Mid-size corporate customers
- Roles, responsibilities, practices

Intensifying business
integration between
banking and
non-life insurance

- New CRM organisations
- Exploiting shared customer data

Improving international
service
capabilities

- Branch network in the Baltic countries
- International partner network

Implementation of strategic initiatives

Asset Management

Improving international service capabilities

- Enhancing international sales
- Private equity fund business focus
- International partner network

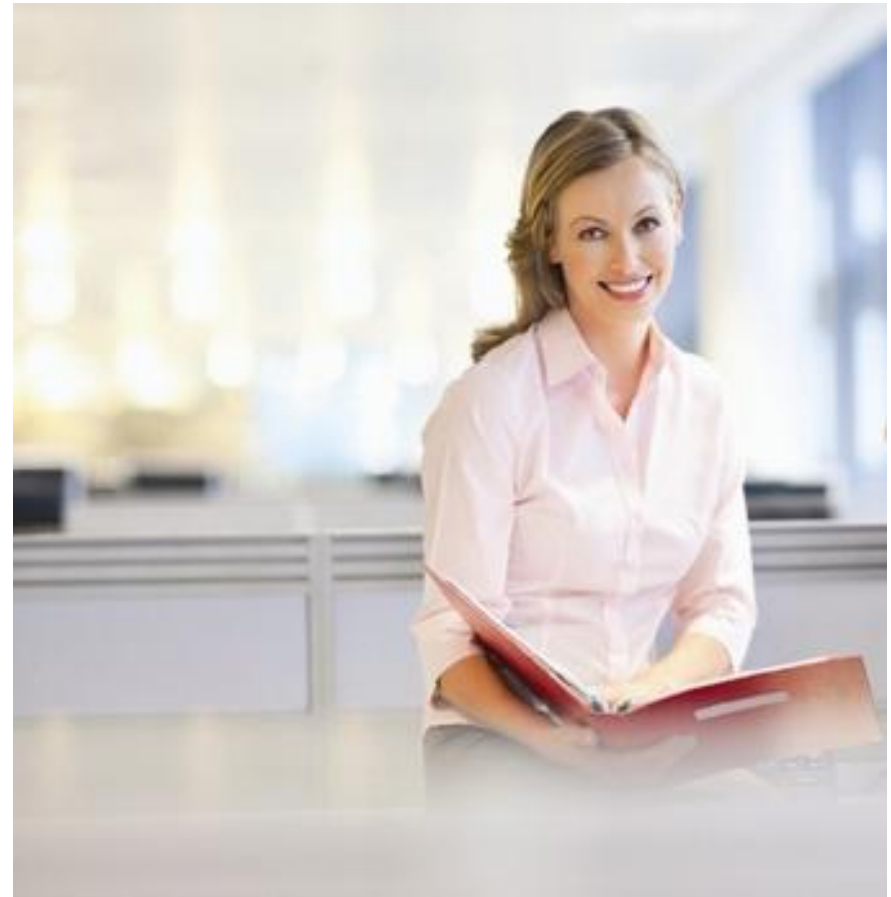


Implementation of strategic initiatives

Personnel

Enhancing the Group's intellectual capital

- Competence surveys and strategy-based job requirements
- Personal development plans
- Group key employee program
- Job motivation, employee wellbeing and incentive schemes



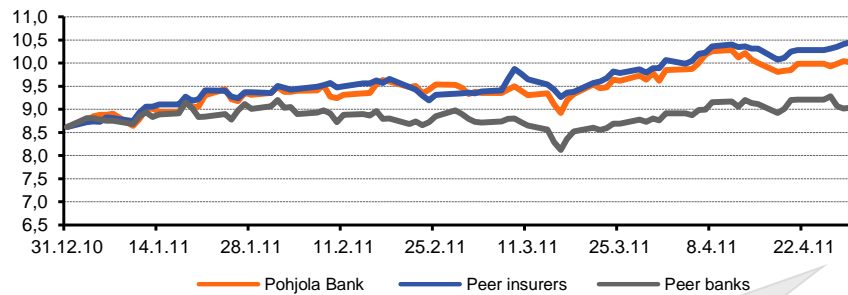
Strategy Implementation in 2011 and the Next Few Years

- Developing sales channels
- Economic Profit/Economic Capital
- Exploiting the information advantage
- Expanding our Baltic business, and further developing international cash management services and international partnerships
- Talent Programme and the competence survey process
- Further developing the Markets division business
- Further developing claims services
- Enhancing electronic transactions

Pohjola Share

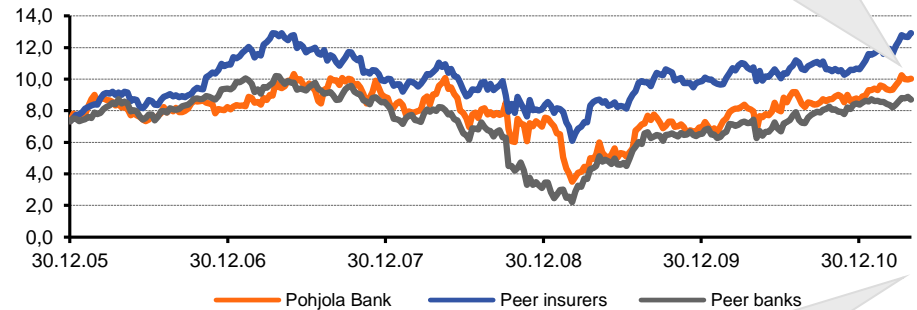
Total Shareholder Return

1 Jan-29 Apr 2011



Pohjola +16%
Peer banks +5%
Peer insurers +21%

2006-2011



Pohjola +36%
Peer banks +18%
Peer insurers +76%

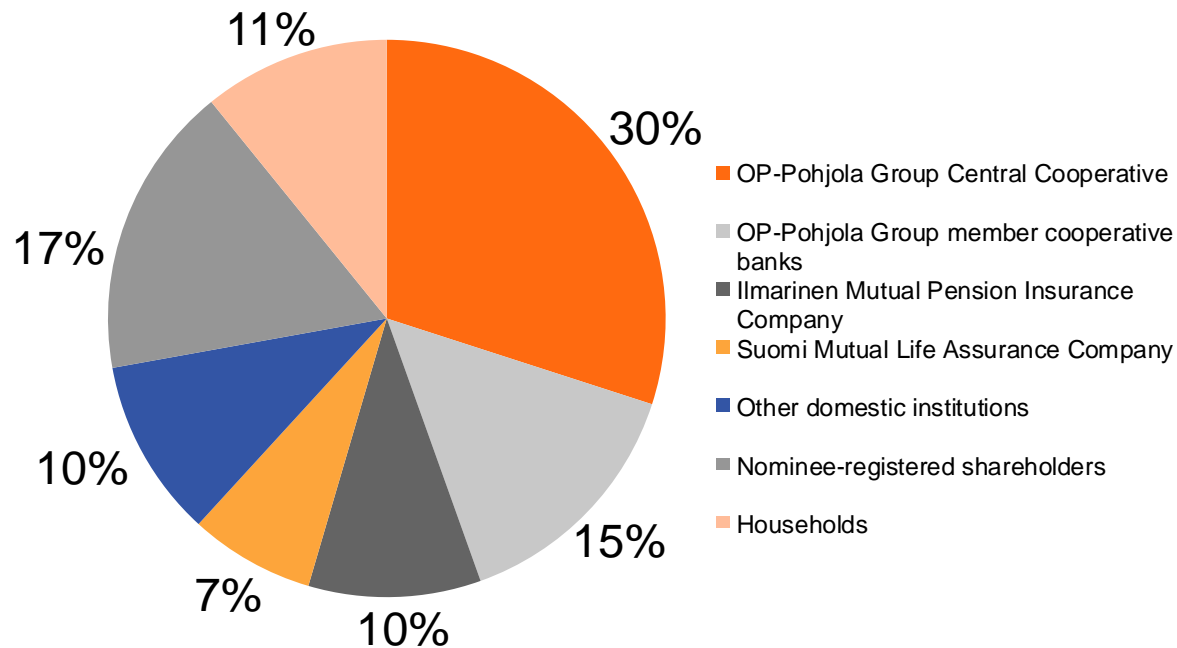
MCAP of Pohjola
(A and K shares)
€3 bn

Peer banks: Danske, DnB NOR, Nordea, SEB, SHB, Swedbank

Peer insurers: AlmBrand, Sampo/If, TopDanmark, Tryg

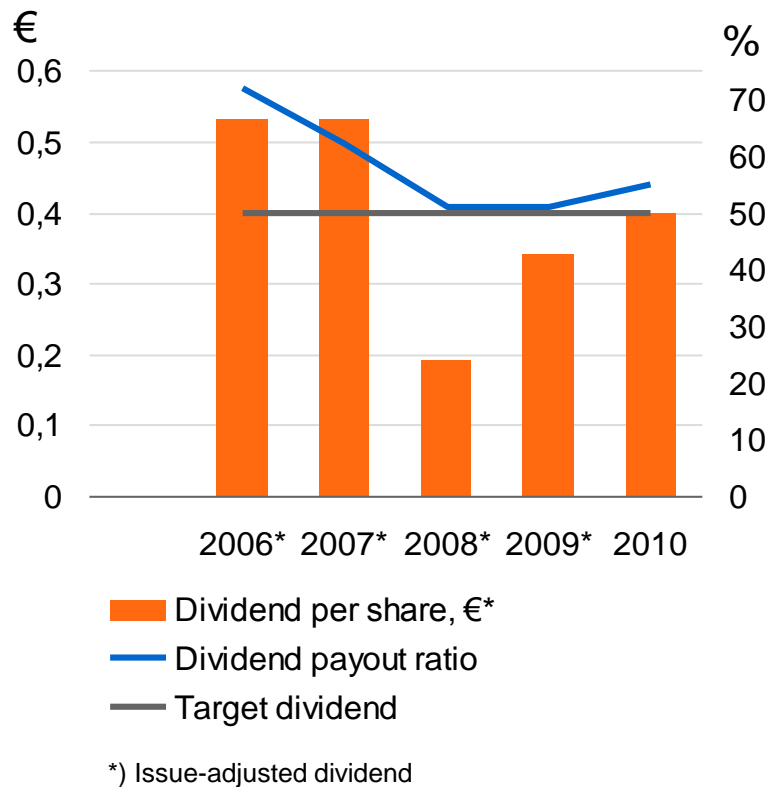
Shareholdings by owner

Shareholdings of Series A and K shares as of 31 March 2011



Dividend and Dividend Policy

We aim to distribute a minimum of 50% of earnings per share in dividends, provided that Tier 1 stands at a minimum of 9.5%



Dividends for 2010 represents 55% of earnings per share

- on one Series A share is €0.40
- on one Series K share is €0.37

- Dividend payout ratio during 2006–10 averaged 58%

Key Value Drivers

Pohjola Group

Banking

- Growth in the loan and guarantee portfolio
- Quality of the portfolio and impairment charges
- Level of margins and commissions/fees
- Capital market activity and trading volumes
- Cost-efficiency

Non-life Insurance

- Premium growth
- Risk selection and pricing
- Promptness, quality and efficiency of claims settlement
- Net investment income
- Cost-efficiency

Asset Management

- Assets under management
- Asset allocation
- The level of commissions and fees
- Investment performance
- Cost-efficiency

Group Functions

- Return on the liquidity portfolio
- Credit spread development
- The amount of loans/deposits to/from OP-Pohjola member banks
- Pohjola's credit rating and funding costs
- Cost-efficiency

Background material

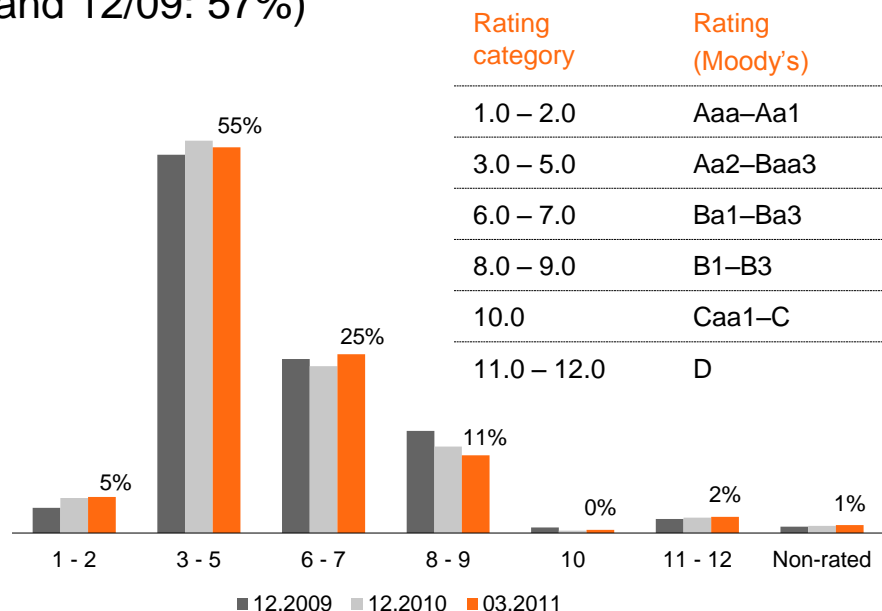
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- Group Functions 58



Banking Q1/11

Banking / Exposures from Non-financial corporations and housing corporations -sector by industry (total 16.6 billion euros)

Investment-grade (ratings 1–5) exposure accounts for 60% of total exposure (12/10: 61% and 12/09: 57%)



Industry	%
** Renting and operating of residential real estate	11,3 %
Manufacture of machinery and equipment (incl. services)	9,6 %
Wholesale and retail trade	9,2 %
Renting and operating of other real estate	8,8 %
Transportation and storage	7,3 %
Construction	7,0 %
Buying and selling of own real estate	6,0 %
Forest industry	5,6 %
Chemical industry	5,3 %
Services	4,9 %
Metal industry	4,8 %
Food industry	4,0 %
Energy	3,7 %
Information and communication	3,2 %
Other manufacturing	2,6 %
Financial and insurance activities	2,5 %
Agriculture, forestry and fishing	2,0 %
Mining and quarrying	1,2 %
Water supply, sewerage and waste management	0,7 %
Other industries	0,2 %
Total	100,0 %

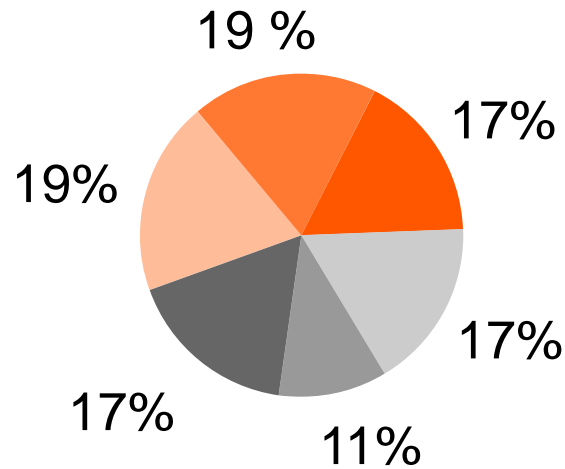
** 03/2011: 50 % (933 M€) of the exposures in the "Renting and operating of residential real estate" -industry and 21 % (310 M€) of the exposures in "Renting and operating of other real estate" -industry are guaranteed by government, cities or municipalities.

Non-life Insurance

Insurance lines

Insurance premium revenue by insurance line in 2010 (€964 million)

Operating combined ratio in 2010, %



Motor, third party liability	84.3
Fire and other damage to property	96.1
Statutory workers' compensation insurance	93.4
Motor, other	93.4
Other accident and health	87.5
Other	83.0

Non-life Insurance Q1/11

Fixed-income portfolio by maturity and credit rating

- Investments under the “investment grade” accounted for 89% of the portfolio.
- 75% of investments rated at least A-

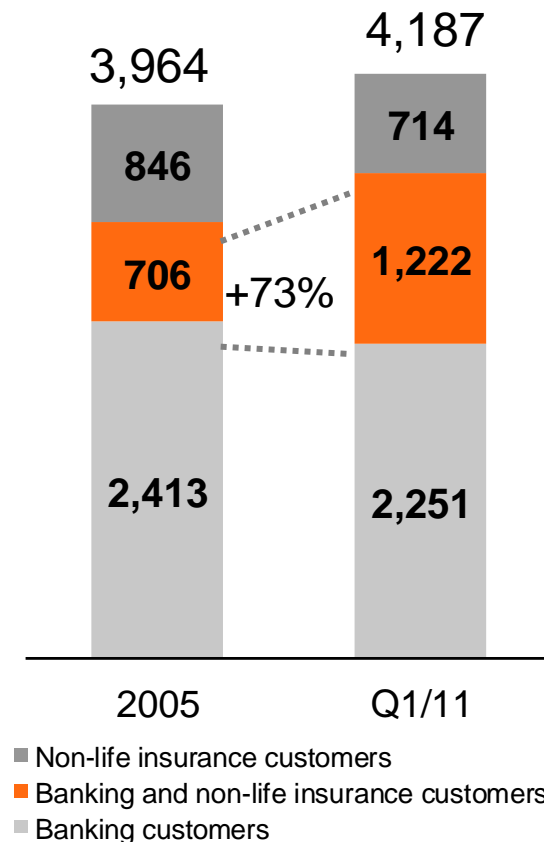
Year	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	38	174	161	71	60	74	577	27%
Aa1-Aa3	84	88	98	35	26	31	362	17%
A1-A3	88	208	166	85	38	81	667	31%
Baa1-Baa3	30	116	83	29	27	5	290	14%
Ba1 or lower	49	95	32	33	4	14	228	11%
Internally rated	3	1	0	1	2	4	11	1%
Total	292	682	541	254	158	209	2 135	100%

Average residual term to maturity 4.9 years (5.3) and duration 3.6 years (4.1)

Non-life Insurance Q1/11

OP-Pohjola Group's customer potential as source of growth

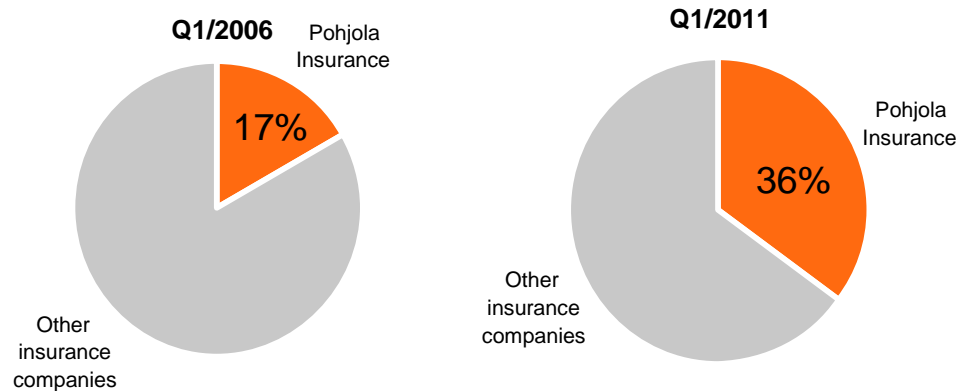
1,000 customers



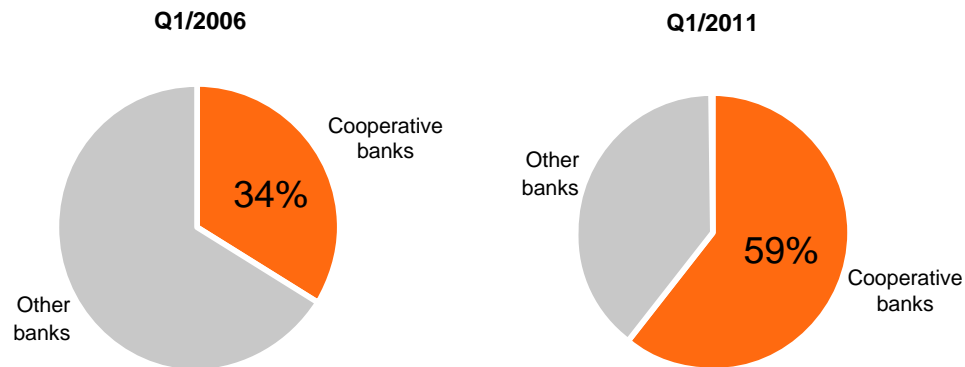
Non-life Insurance Q1/11

Cross-selling works well

OP-Pohjola Group member bank customers and their main insurer



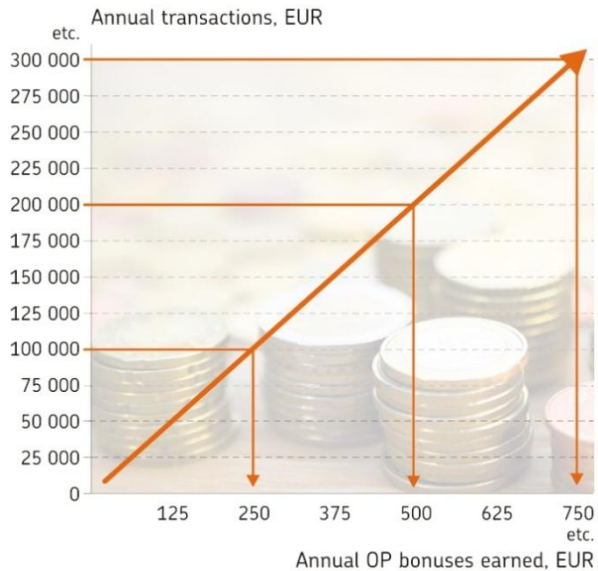
Pohjola Insurance customers and their main bank



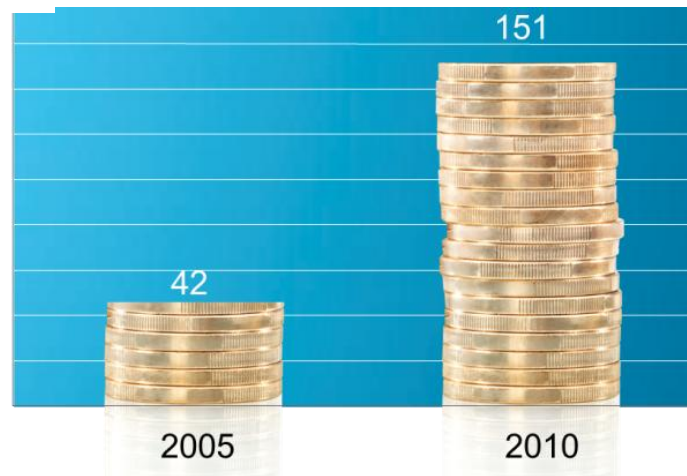
Source: Consumer survey on bank and insurance company switch by TNS Gallup; main customer relationship

Non-life Insurance

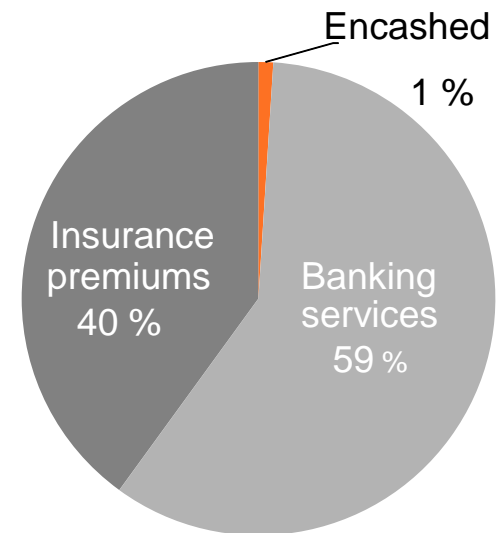
Bonuses accrue from banking and insurance services



OP bonuses to customers reached a new high in 2010



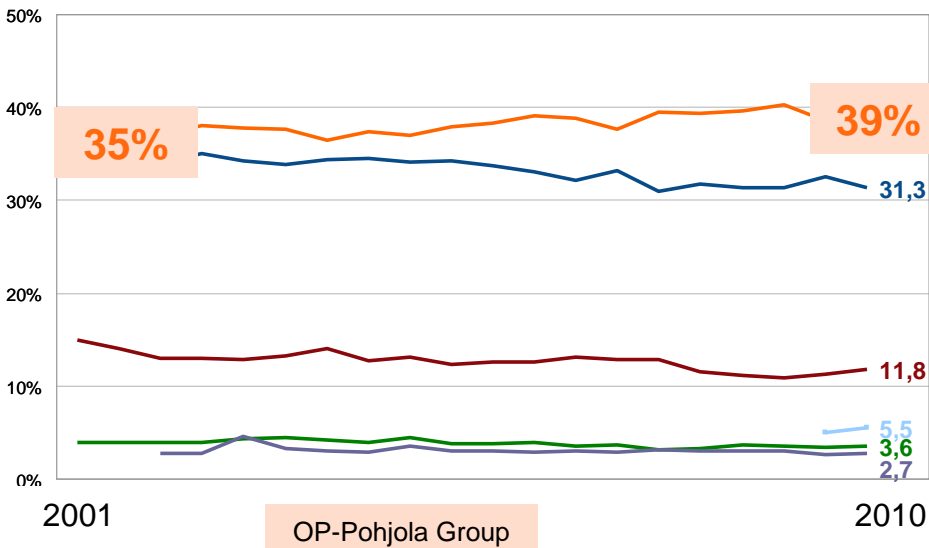
Use of bonuses Q1/11



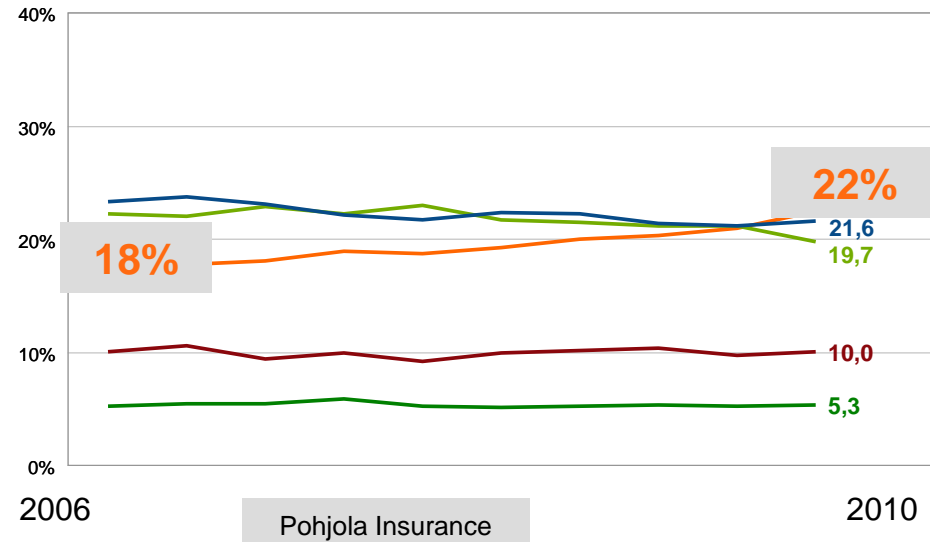
Non-life Insurance

Pohjola has also become the largest non-life insurer among private customers

Market share by bank
Main bank



Market share by insurer
Main insurer

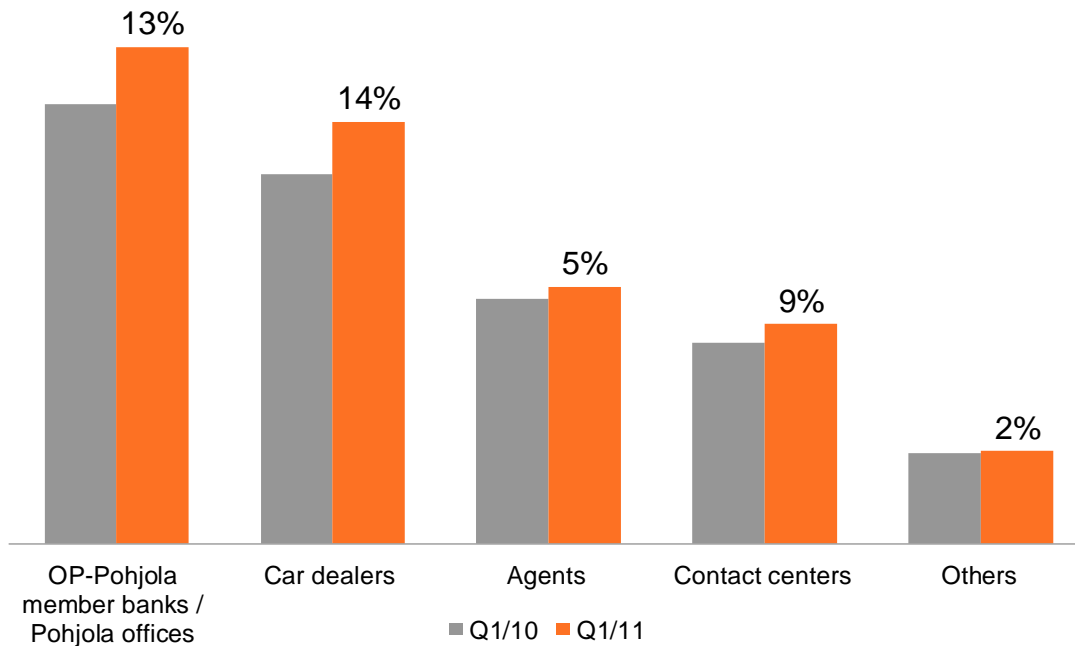


Source: Survey on bank and insurance company switch 2010 by TNS Gallup Oy

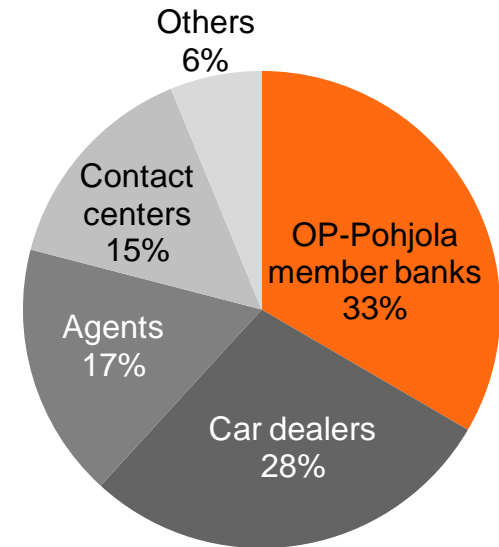
Non-life Insurance Q1/11

Sales to private customers by channel

Sales through various channels increased by 11%

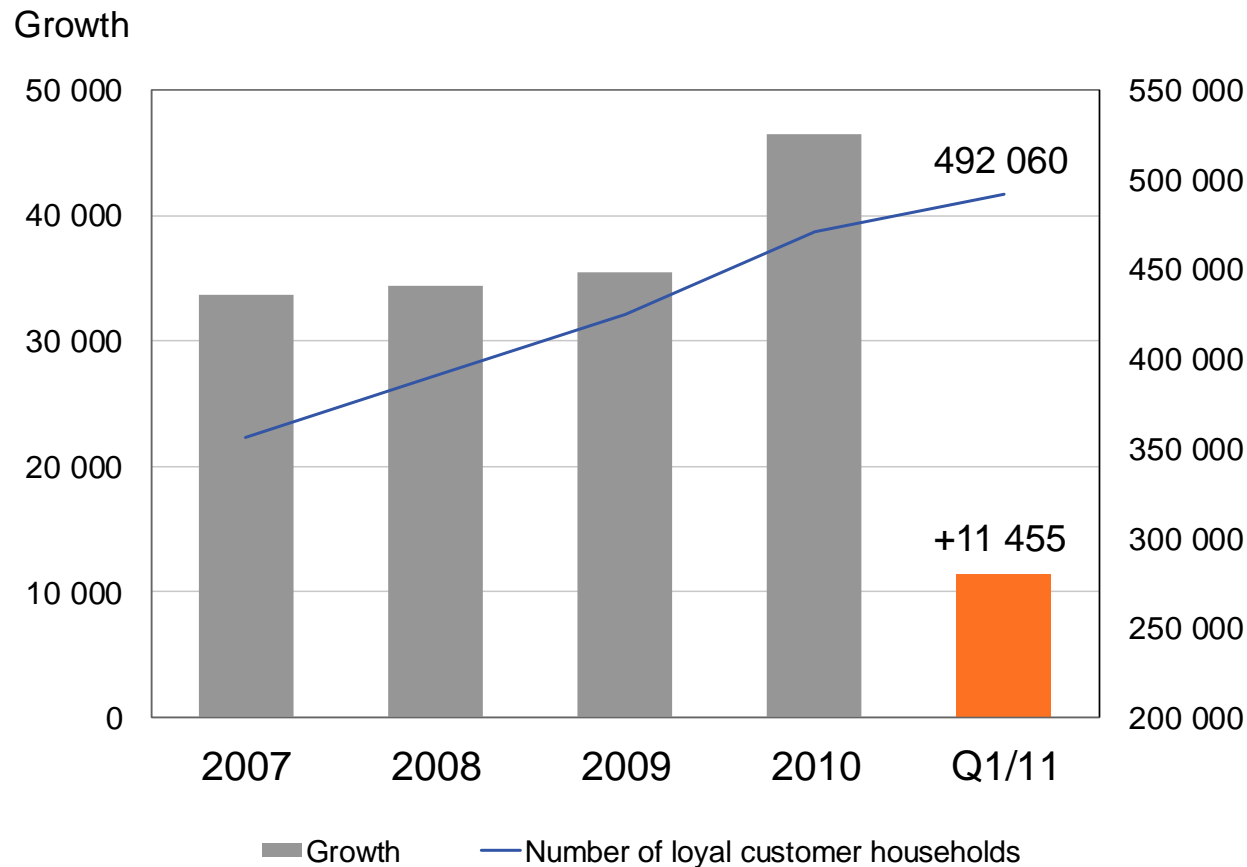


Proportion of sales



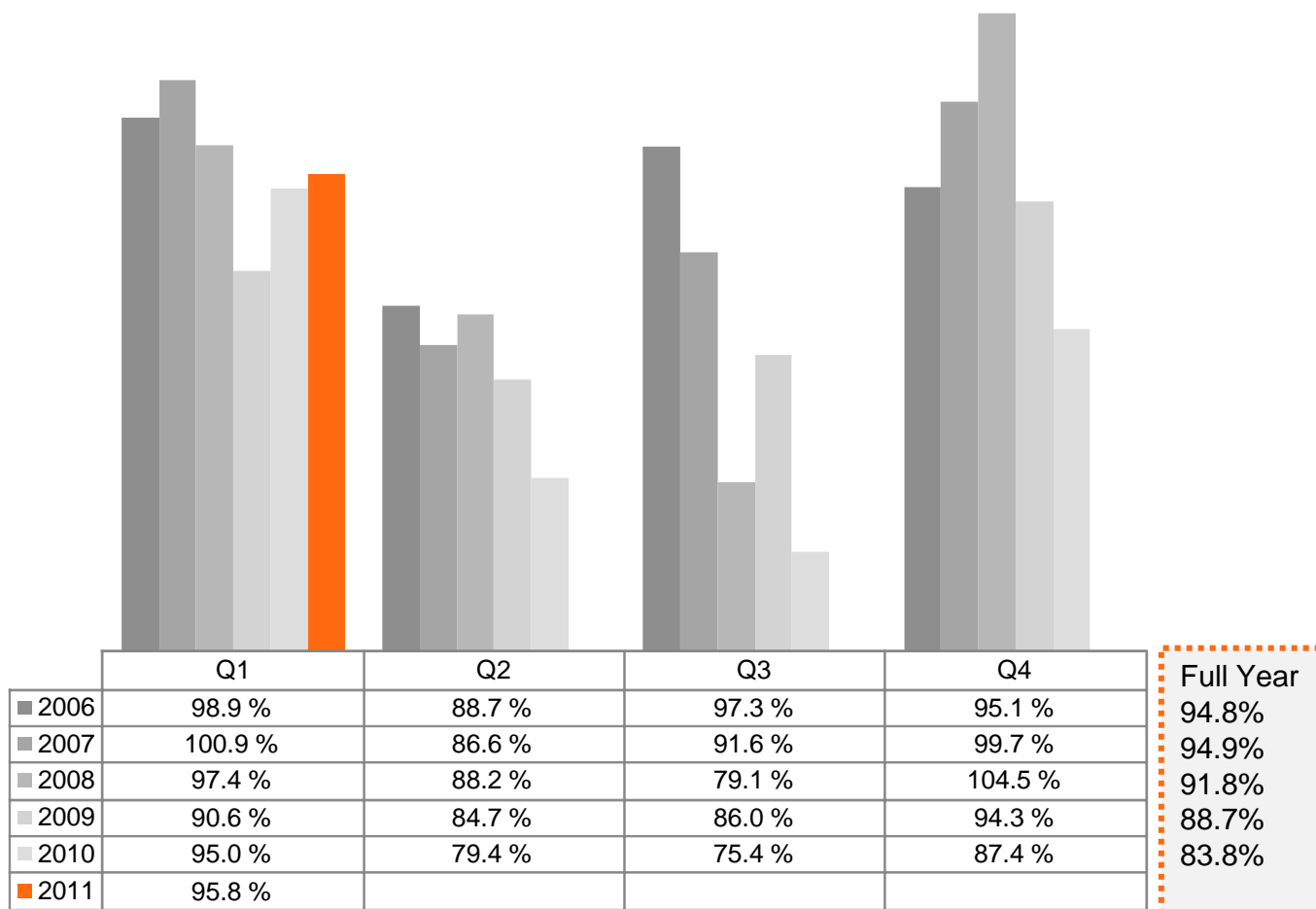
Non-life Insurance Q1/11

Loyal customer households 492,060, up by 11,455



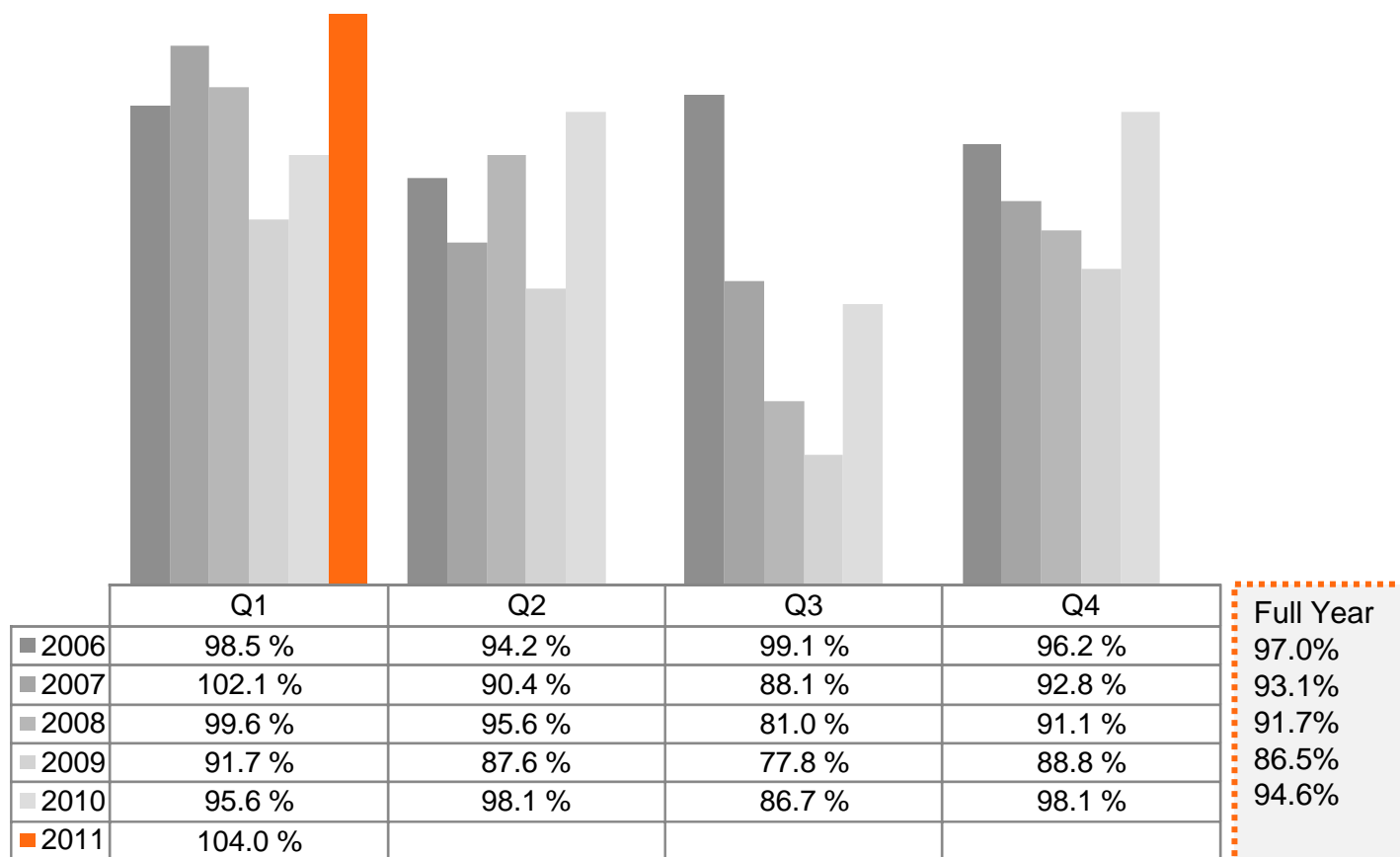
Non-life Insurance Q1/11

Private customers' operating combined ratio %, quarterly



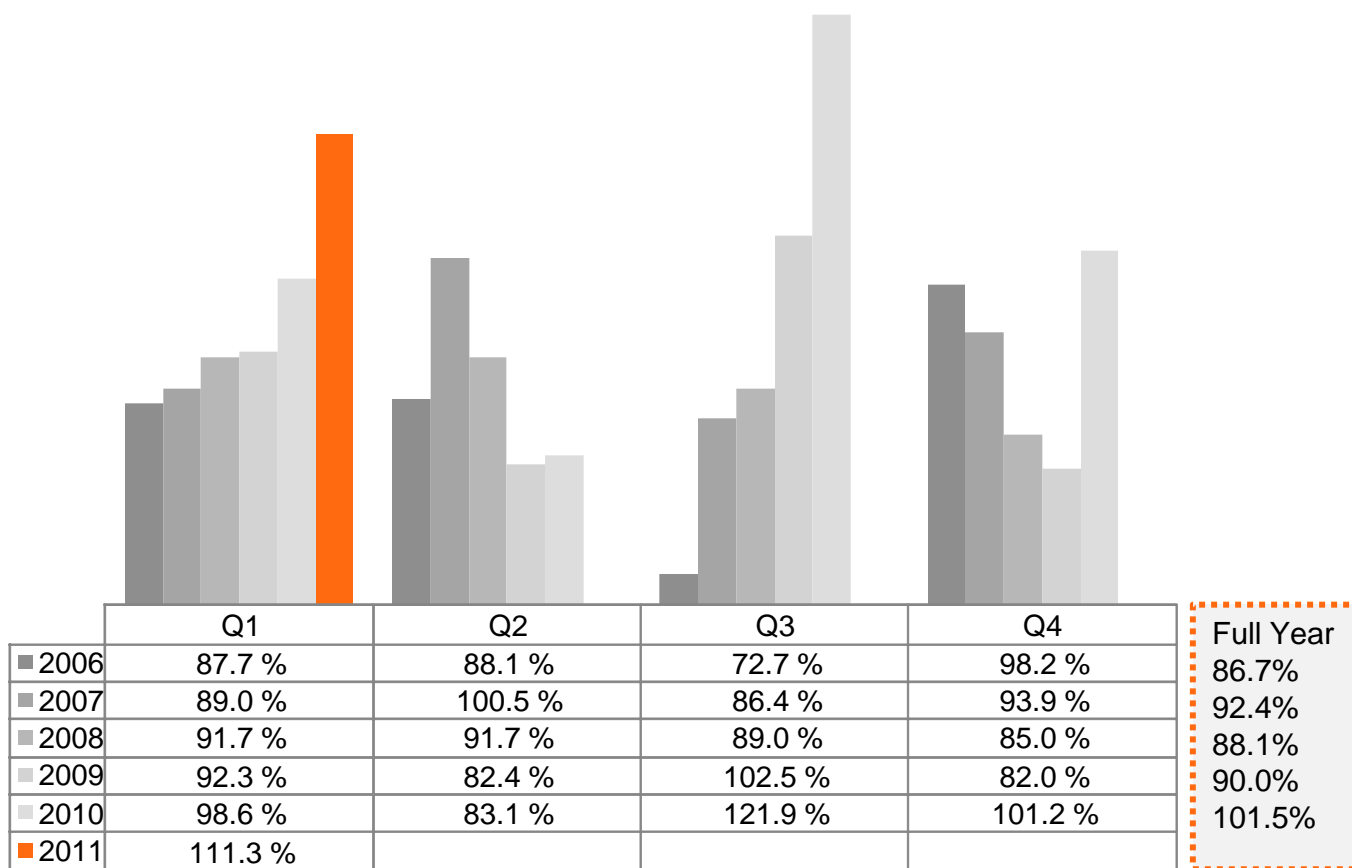
Non-life Insurance Q1/11

Corporate customers' operating combined ratio %, quarterly



Non-life Insurance Q1/11

Baltics' operating combined ratio %, quarterly



Group Functions Q1/11

Liquidity portfolio €9.5 bn

Financial assets included in the liquidity portfolio by maturity and credit rating on 31 March 2011, € million

Year(s)	0–1	1–3	3–5	5–7	7–10	10–	Total	%
Aaa	1 118	552	2 037	1 015	838	45	5 605	59%
Aa1–Aa3	122	1 242	465	131	211		2 172	23%
A1–A3	213	530	99	26	1	0	869	9%
Baa1–Baa3	82	209	150	7	0		449	5%
Internally rated	76	178	84	58			396	4%
Total	1 612	2 711	2 836	1 237	1 050	45	9 491	100%

The liquidity portfolio's residual term to maturity averages 4.0 years.

Group Functions

Issued Senior Debt and Covered Bonds in 2010 and 2011

Pohjola Bank Senior Bond Issues

2011

Jan/11 €500m 5 yr m/s +80 bps

2010

Feb/10 €750m 3 yr 3mE +53 bps

Mar/10 €750m 5 yr m/s +78 bps

Sept/10 €750m 7 yr m/s +88 bps

OP-Mortgage Bank Covered Bond Issues

2011

Apr/11 €1bn 5 yr m/s +35 bps

2010

Jun/10 €1bn 5 yr m/s +40 bps

Earnings analysis



Pohjola Group

Earnings Analyses

€ million	Q1/11	Q1/10	change %	rolling 12Mo	2010
Net Interest Income	68	60	14	266	258
Corporate Banking incl. Baltics	43	40	6	174	172
Markets	12	6	109	33	27
Other operations	13	14	-4	58	59
Net Commissions and fees	41	40	2	164	164
Net trading income	14	7	100	42	35
Net investment income	11	18	-36	25	31
Net income from Non-life Insurance	94	79	18	403	388
Insurance operations	68	74	-8	321	327
Investment operations	37	17	124	113	92
Other items	-12	-11	2	-31	-30
Other operating income	11	11	0	50	50
Net income	239	215	11	950	926
Total expenses	129	123	5	521	514
Earnings before impairments of receivables	110	92	20	430	412
Impairments of receivables	15	33	-53	87	104
Earnings before tax	94	59	61	343	308
Change in fair value reserve	-21	61		-98	-17
Earnings/loss before tax at fair value	74	119	-38	245	291
Earnings per share, €	0.23	0.14			0.72

Pohjola Group

Earnings Analyses by quarter

€ million	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Net Interest Income	68	69	62	67	60
Corporate Banking incl. Baltics	43	45	43	44	40
Markets	12	14	3	4	6
Other operations	13	10	16	19	14
Net Commissions and fees	41	46	37	41	40
Net trading income	14	2	18	8	7
Net investment income	11	10	6	-3	18
Net income from Non-life Insurance	94	75	120	114	79
Insurance operations	68	47	106	99	74
Investment operations	37	24	26	26	17
Other items	-12	4	-11	-11	-11
Other operating income	11	18	11	10	11
Net income	239	218	255	239	215
Total expenses	129	137	125	130	123
Earnings before impairments of receivables	110	81	130	109	92
Impairments of receivables	15	16	27	29	33
Earnings before tax	94	66	103	80	59
Change in fair value reserve	-21	-47	62	-92	61
Earnings/loss before tax at fair value	74	18	165	-11	119
Earnings per share, €	0.23	0.16	0.24	0.19	0.14

Banking

Earnings Analyses

€ million	Q1/11	Q1/10	change %	rolling 12Mo	2010
Net interest income	55	46	19	208	199
Corporate Banking incl. Baltics	43	40	6	174	172
Markets	12	6	109	33	27
Net Commissions and fees	25	24	6	94	93
Net trading income	15	13	21	50	47
Other operating income	7	7	-2	29	29
Total income	103	90	14	381	368
Operating expenses	34	31	9	133	130
Earnings before impairments of receivables	68	59	17	247	238
Impairments of receivables	16	33	-53	87	105
Earnings before tax	53	26	106	160	133
Operating cost/income ratio, %	34	35		34	35

Banking

Earnings Analyses by quarter

€ million	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Net interest income	55	58	46	48	46
Corporate Banking incl. Baltics	43	45	43	44	40
Markets	12	14	3	4	6
Net Commissions and fees	25	24	21	23	24
Net trading income	15	2	21	12	13
Other operating income	7	6	8	7	7
Total income	103	91	97	90	90
Operating expenses	34	35	31	32	31
Earnings before impairments of receivables	68	56	65	58	59
Impairments of receivables	16	15	28	29	33
Earnings before tax	53	40	38	29	26
Operating cost/income ratio, %	34	39	33	36	35

Non-life Insurance

Earnings Analyses

€ million	Q1/11	Q1/10	change %	rolling 12Mo	2010
Insurance premium revenue	246	227	8	982	964
Claims incurred	-193	-168	15	-720	-694
Operating expenses	-54	-50	9	-210	-205
Balance on technical account before amortisation	-1	10		88	99
Amortisation/adjustment on intangible assets*	-5	-6	-13	-30	-31
Balance on technical account	-6	4	-257	23	33
Net investment income	38	16	137	109	87
Other income and expenses	-13	-14	-10	-36	-37
Earnings/loss before tax	19	6	224	96	83
Earnings/loss before tax at fair value	-4	75	-106	60	139
Operating claims ratio, %	78.5	73.7		69.7	68.4
Operating expense ratio, %	21.9	21.8		21	21.3
Operating combined ratio, %	100.5	95.5		95	89.7
Return on investment, %	0.5	3.2			5.1

* Due to amortisation on intangible assets arising from company acquisition

Non-life Insurance

Earnings Analyses by quarter

€ million	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Insurance premium revenue	246	241	250	246	227
Claims incurred	-193	-208	-157	-162	-168
Operating expenses	-54	-51	-50	-55	-50
Balance on technical account before amortisation	-1	17	43	30	10
Amortisation/adjustment on intangible assets*	-5	-6	-12	-6	-6
Balance on technical account	-6	-25	30	23	4
Net investment income	38	22	23	26	16
Other income and expenses	-13	1	-11	-12	-14
Earnings/loss before tax	19	-2	42	37	6
Earnings/loss before tax at fair value	-4	-26	94	-4	75
Operating claims ratio, %	78.5	71.8	62.8	65.8	73.7
Operating expense ratio, %	21.9	21.3	20.0	22.2	21.8
Operating combined ratio, %	100.5	93.1	82.8	88.0	95.5
Return on investment, %	0.5	-0.1	2.6	-0.6	3.2

* Due to amortisation on intangible assets arising from company acquisition

Asset Management

Earnings Analyses

€ million	Q1/11	Q1/10	change %	rolling 12Mo	2010
Net commissions and fees	12	13	-7	57	58
Other income	1	1	51	10	9
Total net income	13	14	-4	66	67
Total expenses	7	8	-10	35	35
Earnings before tax	6	6	11	32	31
Operating cost/income ratio, %	50	54	-7	49	53*

* Excl. items related to corporate transaction

Asset Management

Earnings by quarter

€ million	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Net commissions and fees	12	18	12	14	13
Other income	1	7	1	1	1
Total net income	13	26	13	15	14
Total expenses	7	12	7	8	8
Earnings before tax	6	14	6	6	6
Operating cost/income ratio, %	50	55	51	52	54

Group Functions

Earnings Analyses

€ million	Q1/11	Q1/10	change %	rolling 12Mo	2010
Net interest income	13	14	-10	62	64
Net trading income	-2	-6		-5	-9
Net investment income	11	18	-37	24	31
Other income	3	3	-20	11	12
Total income	24	30	-18	93	98
Operating expenses	8	8	-2	38	38
Impairments of receivables	0	0		-1	-1
Earnings before tax	17	22	-23	56	61
Earnings/loss before tax at fair value	18	14	29	-7	-12

Group Functions

Earnings Analyses by quarter

€ million	1-3/11	10-12/10	7-9/10	4-6/10	1-3/10
Net interest income	13	12	17	20	14
Net trading income	-2	1	0	-3	-6
Net investment income	11	10	6	-3	18
Other income	3	3	2	4	3
Total income	24	26	25	17	30
Operating expenses	8	13	8	9	8
Impairments of receivables	0	0	-1	0	0
Earnings before tax	17	13	18	8	22
Earnings/loss before tax at fair value	18	-11	28	-43	14

OP-Pohjola Group and Pohjola Bank Plc

Key figures

	OP-Pohjola Group Q1/2011	Pohjola Q1/2011	OP-Pohjola Group 2010	Pohjola 2010
Total assets, € million	82 520	38 126	83 969	36 184
Receivables from customers, € million	57 131	12 102	56 834	12 433
Deposits, € million	36 546	3 805	36 443	4 231
Equity capital, € million	6 725	2 309	6 726	2 377
Tier 1 ratio, %	12.7	12.2	12.8	12.5
Doubtful receivables, € million	258	42	204	31
Doubtful receivables and zero-interest bearing receivables of loans and guarantees, %	0.4	0.29	0.3	0.22
Loan and guarantee portfolio, € billion	59.6	14.2	59.4	14.0
Impairments of receivables, € million	23	15	149	104
Impairments of receivables / loan and guarantee portfolio, %	0.04	0.11	0.25	0.73
Personnel	12 626	3 023	12 504	3 005

OP-Pohjola Group and Pohjola Bank Plc

Income statement, € million

	OP-Pohjola Group Q1/2011	Pohjola Q1/2011	OP-Pohjola Group 2010	Pohjola 2010
Net interest income	238	68	917	258
Net income from Non-Life insurance	92	94	382	388
Net income from Life Insurance	50		100	
Net commissions and fees	156	41	563	164
Other income	73	11	210	116
Total income	609	239	2 172	926
Total expenses	336	129	1 286	514
Earnings before impairments of receivables	273	110	723	412
Impairments of receivables	23	15	149	104
Returns to owner-members and OP-bonus customers	42		163	
Earnings before tax	208	94	575	308
Change in fair value reserve	-82	-21	225	-17
Earnings/loss before tax at fair value	126	74	800	291

OP-Pohjola Group and Pohjola Bank Plc

Key ratios

	OP-Pohjola Group Q1/2011	Pohjola Q1/2011	OP-Pohjola Group 2010	Pohjola 2010
Net interest margin, %	1.1*	1.32**	1.1*	1.36**
Cost / Income ratio, %	55	34***	59	35***
Return on equity (ROE) at fair value, %	5.6	10.0	9.4	9.3
Return on assets, (ROA) at fair value, %	0.4		0.7	
Non-Life Insurance, Solvency ratio, %		84		86
Life Insurance, Solvency ratio, %	15.8****		15.9****	
Operating Combined ratio, %		100.5		89.7

* Net interest income as a percentage of average total assets

** Average margin for corporate lending

*** Cost / Income ratio in Banking

**** Solvency capital / (net technical provisions at own liability - equalization provision - 0.75 * technical provisions on unit-linked insurances) * 100

Finnish Economy



Forecasts for the Finnish economy

Published on 1 February, 2011

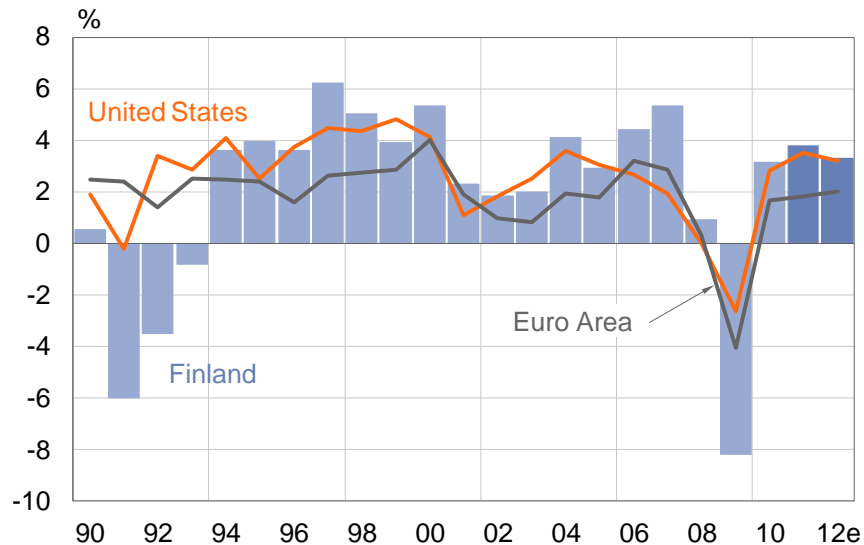
	2010 EUR bn	2009 Volume, % change on previous year	2010	2011f	2012f
GDP	180.3	-8.2	3.1	3.8	3.3
Imports	65.2	-17.6	2.6	8.9	5.9
Exports	70.2	-20.1	5.1	10.7	7.1
Consumption	141.5	-1.2	1.9	2.0	1.9
Private consumption	97.3	-2.1	2.6	2.7	2.5
Public consumption	44.2	1.0	0.4	0.5	0.5
Fixed investment	33.4	-14.6	0.8	7.1	5.9

Other key indicators

	2009	2010	2011f	2012f
Consumer price index, % change y/y	0.0	1.2	3.0	2.8
Unemployment rate, %	8.2	8.4	7.3	6.8
Current account balance, % of GDP	2.7	2.9	2.7	2.9
General government debt, % of GDP	43.8	48.4	49.7	50.0
General government net lending, % of GDP	-2.6	-2.5	-1.0	0.0

GDP and demand components

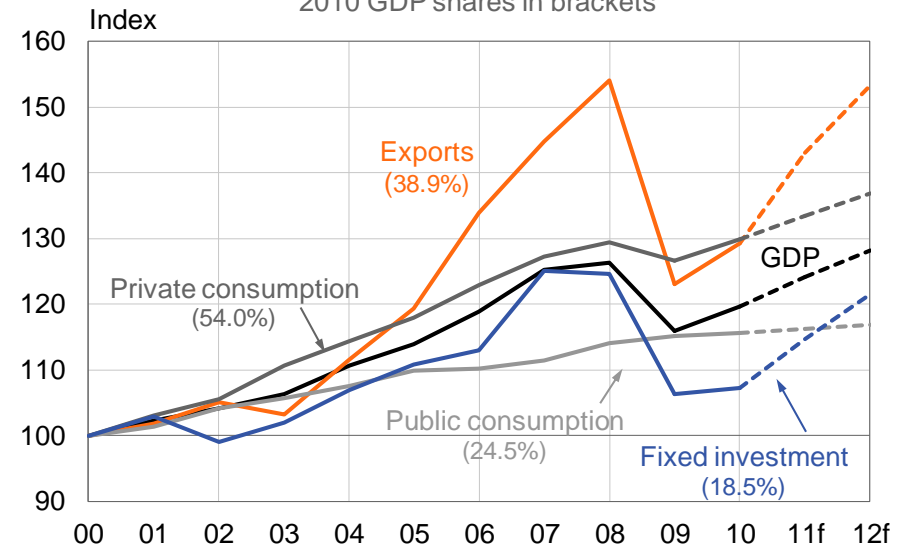
Change in GDP volume



Sources: Reuters EcoWin, forecasts OP-Pohjola Group (February 2011)

GDP and demand components

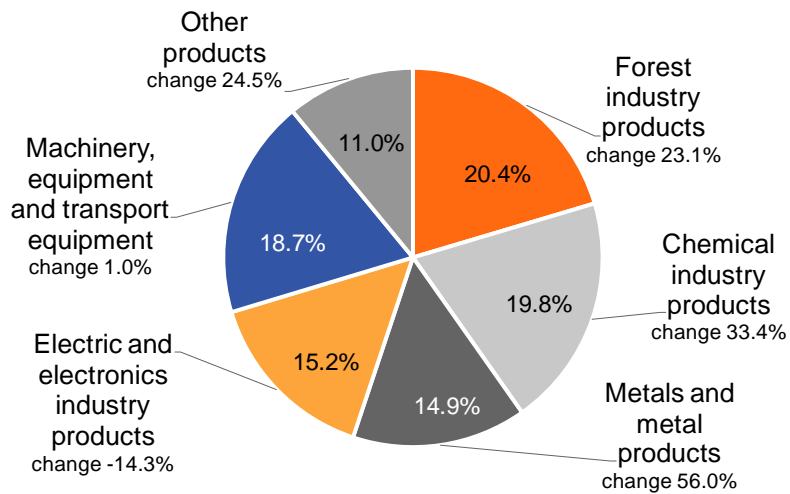
2010 GDP shares in brackets



Sources: Statistics Finland, forecasts OP-Pohjola Group, February 2011

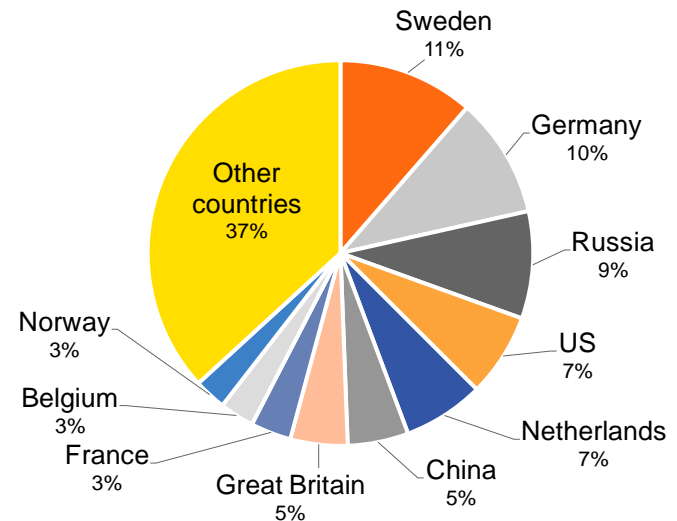
Exports by product group and country

Goods exports by product group
Share of total exports and annual change
2010



Source: National Board of Customs Total exports 52.4 EUR Billion (change, 16.2%)

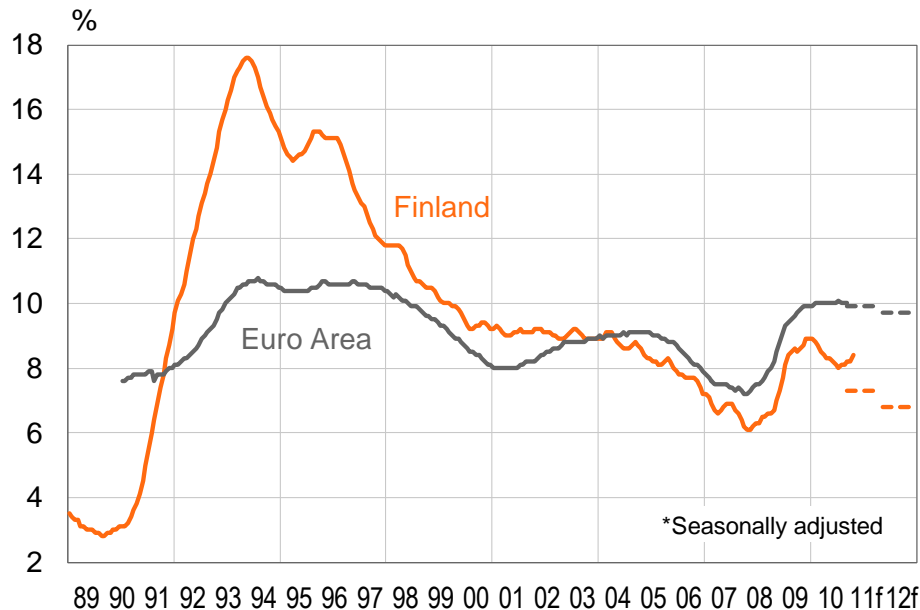
Goods exports by countries
2010



Source: National Board of Customs

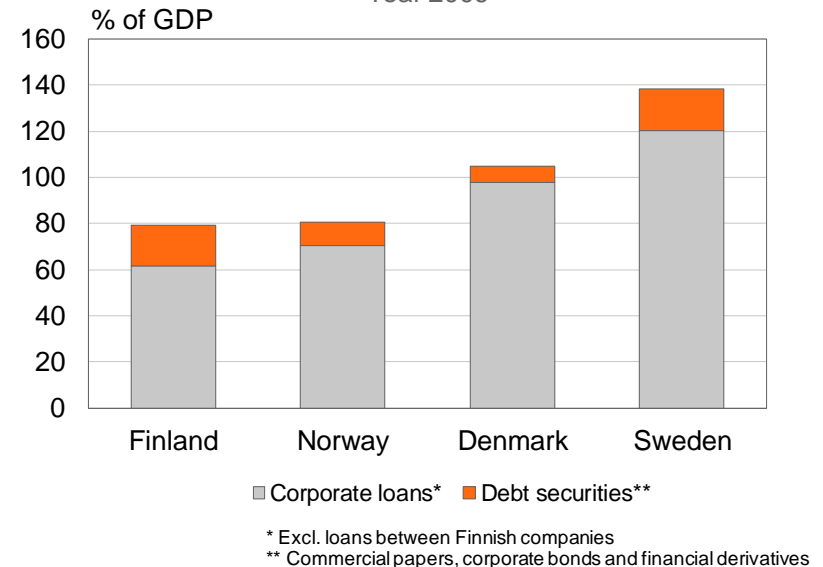
Unemployment rate and corporate debt

Unemployment rate* in Finland and Euro Area



Sources: Statistics Finland, Eurostat, forecasts OP-Pohjola Group, February 2011

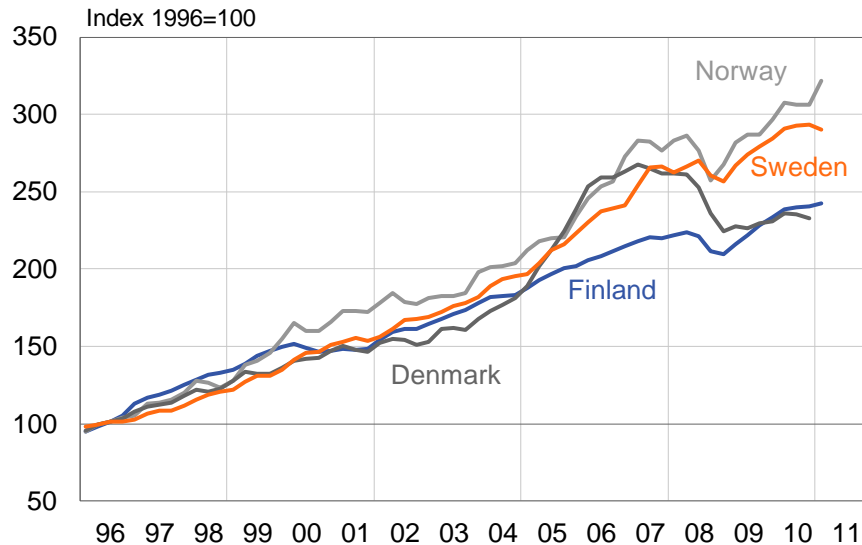
Corporate debt
Year 2009



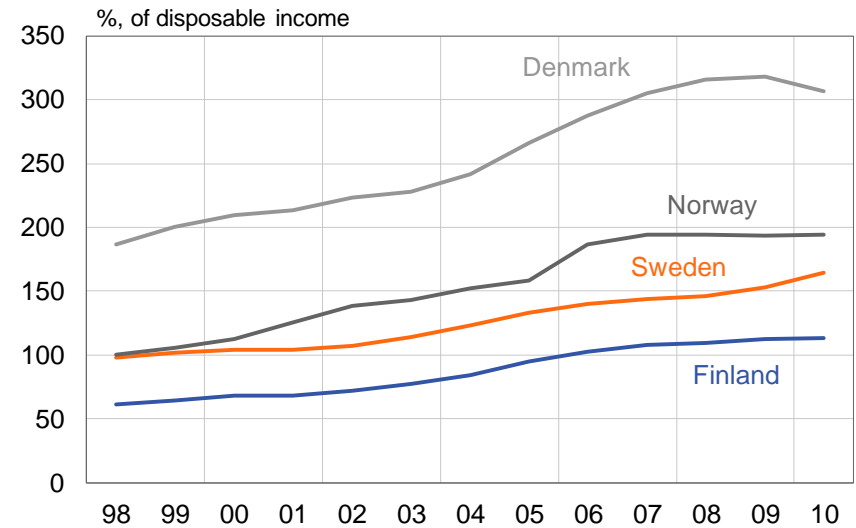
Source: Eurostat, Consolidated Financial Accounts, Norway year 2008

House prices and households' debt ratio

Average house prices

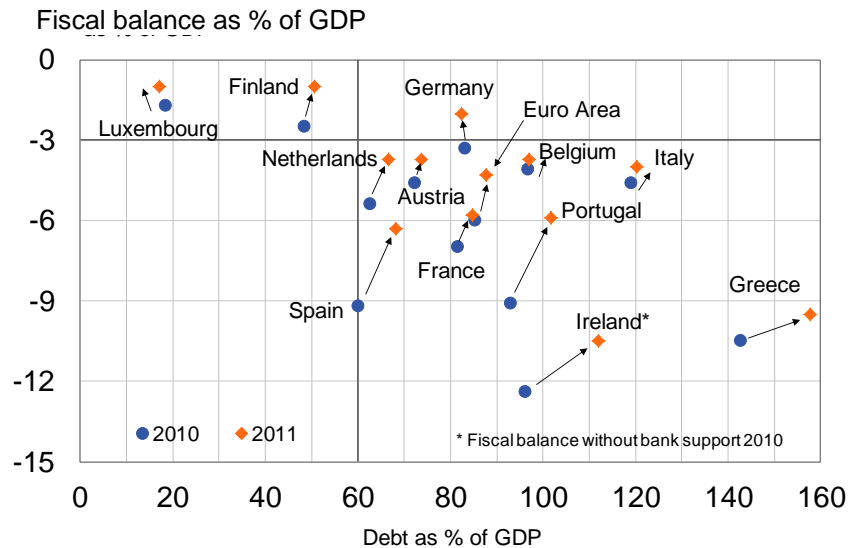


Households' debt ratio



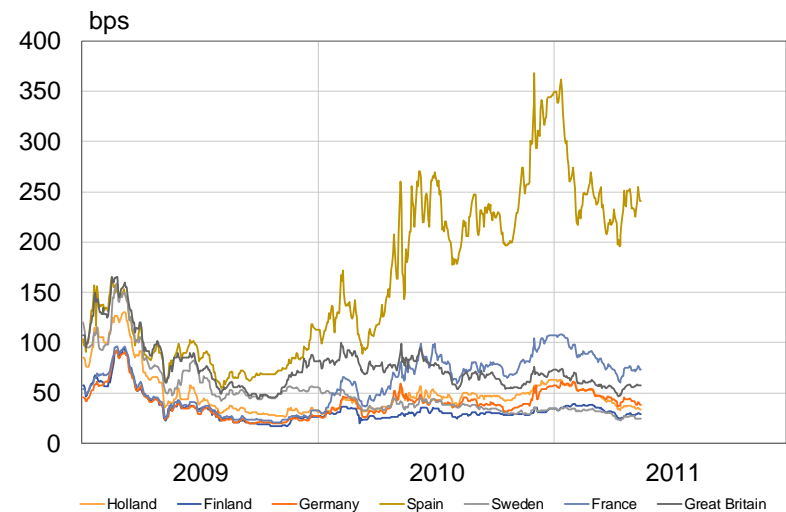
Fiscal balance and 5yr CDS by country

Fiscal balance and government debt



Source: European Commission, May 2011

5yr CDS 2009-2011 by country



Source: Reuters EcoWin

Investor Relations

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